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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

GOVERNING COUNCIL

TWENTY-SEVENTH SESSION REPORT

ROME, 18-19 FEBRUARY 2004

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Election of the Bureau of the Governing Council



President Bâge with the outgoing Chairperson welcoming the newly-elected Chairperson, His Excellency Guido Mantega



Chairperson of the Governing Council,
His Excellency Guido Mantega



His Excellency Nuri Ibrahim Hasan,
Vice-Chairperson



Her Excellency Nobuko Matsubara
Vice-Chairperson

CHAPTER 1

INAUGURATION AND PROCEEDINGS

1. The Twenty-Seventh Session of the Governing Council of IFAD was held in Rome on 18-19 February 2004. The list of participants is attached as Annex I.

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

A. Opening of the Session

3. The session was opened by His Excellency Freddy Numberi, Ambassador and Permanent Representative of the Republic of Indonesia to IFAD, on behalf of the outgoing chairperson of the Council, His Excellency Bungaran Saragih, Minister for Agriculture of the Republic of Indonesia.

B. Agenda and Documentation

4. The Governing Council adopted the Agenda, shown together with the Programme of Events 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:

Chairperson: His Excellency
Guido Mantega
Minister of State for Planning,
Budget and Management of the
Federative Republic of Brazil

Vice-Chairpersons: Her Excellency
Nobuko Matsubara
Ambassador of Japan to Italy

His Excellency
Nuri Ibrahim Hasan
Ambassador of the Socialist People's
Libyan Arab Jamahiriya to IFAD

D. Inaugural Meeting of the Session

6. The Governing Council was addressed by His Excellency Blaise Compaoré, President of Burkina Faso. The full text of President Compaoré's keynote address is reproduced in Chapter 4.



Keynote Speaker at the Inaugural Session, H.E. Blaise Compaoré, President of Burkina Faso, exchanges views with the President of IFAD, Mr Lennart Båge and addresses the Plenary

7. A message from His Excellency Kofi Annan, Secretary-General of the United Nations, was delivered on his behalf by the newly-elected Chairperson of the Governing Council, the full text of which is reproduced in Chapter 4.

8. Mr Jacques Diouf, Director-General of the Food and Agriculture Organization of the United Nations delivered a statement, and a message from Mr James T. Morris, Executive Director of the World Food Programme, was delivered on his behalf by Mr Jean-Jacques Graisse, Senior Deputy Executive Director. These statements are reproduced, in full, in Chapter 4.

E. Statement of the President of IFAD

9. The full text of President Båge's statement appears in Chapter 4.

F. General Statements

10. The general statements delivered by Governors and Observers are summarized in the summary records contained in Chapter 3, Part A. Reports of the six round-table discussions are 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 Vice-Chairperson, His Excellency Nuri Ibrahim Hasan, summarized both the panel discussion and the results of the Council's main deliberations and closed the Twenty-Seventh Session of the Governing Council. The text of the statements is reproduced in full in Chapter 4.

CHAPTER 2

DECISIONS OF THE GOVERNING COUNCIL

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

12. The Governing Council welcomed the announcement that, in accordance with paragraph II.7(a) of Resolution 130/XXVI, on 17 December 2003, when 50% of the total contributions to the Replenishment had been matched with the deposit of instruments of contribution and payments, the Sixth Replenishment of IFAD's Resources was declared effective. It then reviewed the Report on the Sixth Replenishment contained in documents GC 27/L.2 and GC 27/L.2/Add.1. It noted that total pledges to the Sixth Replenishment, inclusive of complementary contributions, amounted to USD 495.5 million or 88.5% of the target amount of USD 560 million. It further noted that, as of 18 February 2004, the aggregate amount of the instruments of contribution deposited and payments not supported by instruments of contribution totalled USD 328.5 million, or 66.3% of total pledges. Payments in cash and promissory notes amounted to USD 102.4 million, or 20.7% of total pledges.

13. Note was also taken that, of the total pledges of USD 495.5 million, USD 27.4 million were pledges of complementary contributions, specifically: Belgium had pledged the equivalent of USD 15.8 million for the specific objectives of the Belgian Survival Fund for the Third World, India and the United Kingdom had pledged the equivalent of USD 1.0 million and USD 10.0 million, respectively, to support initiatives for innovation, whereas Luxembourg had pledged the equivalent of USD 0.6 million towards the IFAD Trust Fund for the Heavily Indebted Poor Countries Debt Initiative. Payments of complementary contributions totalled USD 7.2 million equivalent.

B. Audited Financial Statements of IFAD – 31 December 2002

14. The Governing Council considered and approved the Financial Statements showing the financial position of IFAD as at 31 December 2002 and the results of its operations for the year ended on that date, as contained in Appendixes A to H inclusive of document GC 27/L.3 and the report of the External Auditor thereon.

C. Administrative Budget of IFAD and Its Office of Evaluation for 2004

15. After considering the proposed administrative budget of IFAD and its Office of Evaluation for 2004, as presented in documents GC 27/L.4 and GC 27/L.4/Add.1, the Governing Council adopted Resolution 133/XXVII relating thereto on 18 February 2004. In approving the administrative budget for 2004, the Governing Council also authorized the amendment of Regulation VI, paragraph 2, of the Financial Regulations of IFAD, deleting the second sentence thereof, so that unobligated appropriations at the close of the financial year may be carried forward into the following financial year up to an amount not exceeding 3% of the said financial year. This amendment entered into force with the adoption of Resolution 133/XXVII and has effect from the financial year 2003.

D. Delegation of Authority to Establish Multi-Donor Trust Funds

16. The Governing Council considered document GC 27/L.5 and adopted Resolution 134/XXVII delegating the authority to establish multi-donor trust funds to the Executive Board, and requesting the President of IFAD to provide the Council with information on all such decisions taken by the Executive Board.

E. Progress Report on the Implementation of the Performance-Based Allocation System

17. The Governing Council took note of both the written report, document GC 27/L.6, and the oral report given by Mr Cyril Enweze, Vice-President of IFAD, on the progress made in the implementation of the Performance-Based Allocation System. This system was developed and approved by the Executive Board, within the authority delegated to it by the Governing Council at its Twenty-Fifth Anniversary Session, in line with the Report of the Consultation on the Sixth Replenishment of IFAD's Resources. The Council also noted that an information paper on the implementation of the Performance-Based Allocation System would be submitted annually to the Governing Council.

F. Progress Report on the Process Re-Engineering Programme (Strategic Change Programme)

18. The Governing Council took note of the fourth annual Progress Report on the Process Re-Engineering Programme (Strategic Change Programme) contained in document GC 27/L.7, and the oral update given by Mr Cyril Enweze, Vice-President of IFAD, on the achievements reached as well as the stocktaking exercise undertaken during the previous year. As a result, the Programme had been recalibrated within a more realistic time frame to facilitate the delivery of a quality product.

G. Report on the Lessons Learned by the International Land Coalition

19. The Governing Council took note of both the written report, document GC 27/L.8, and the oral report given by Mr Bruce Moore, Coordinator of the International Land Coalition, on the lessons learned and results achieved since the Twenty-Fifth Anniversary Session of the Governing Council in improving the secure access of the rural poor to land, water and related productive resources in the countries and regions where the Coalition is currently operational.

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

20. The Governing Council took note of both the written report, document GC 27/L.9, and the oral report given by Mr Per Ryden, Managing Director of the Global Mechanism, on the evolving operational strategy and activities during 2003 of the Global Mechanism of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa and on the steps it is taking to enhance its resource mobilization in the context of its new business plan.

I. Approval of Disclosure of Documents

21. The Governing Council approved the disclosure of all the documents submitted to the Session and noted that they would be subsequently posted on IFAD's public website.

CHAPTER 3

A. SUMMARY RECORDS

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

- (i) Summary Record of the First Meeting of the Twenty-Seventh Session held on Wednesday, 18 February 2004, at 10.00 hours

OUTGOING CHAIRPERSON: BUNGARAN SARAGIH (INDONESIA)
CHAIRPERSONS: GUIDO MANTEGA (BRAZIL)
NOBUKO MATSUBARA (JAPAN)

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

OPENING OF THE SESSION (Agenda Item 1)

23. **Mr NUMBERI** (Indonesia), speaking on behalf of the outgoing Chairperson, declared open the Twenty-Seventh Session of the Governing Council and welcomed participants. The panel discussion format introduced at the Twenty-Fifth Session would again be followed at the current Session, under the theme “Trade and Rural Development: Opportunities and Challenges for the Rural Poor”. Both the Millennium Development Goals (MDGs) and the Monterrey Consensus had acknowledged the importance of trade and markets for reducing poverty, with many of the world’s 900 million poor rural people depending directly and indirectly on international markets for their agricultural produce. IFAD must join with its sister agencies in the United Nations family in working to achieve the MDGs and helping the rural poor to improve their livelihoods through increased productivity and effective engagement in market processes. The Sixth Replenishment of IFAD’s Resources had been declared effective on 17 December 2003. The President of IFAD and his staff were to be commended for that achievement, as were Member States for their continued support.

ADOPTION OF THE AGENDA (Agenda Item 2) (GC 27/L.1)

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

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

25. **Mr NUMBERI** (Indonesia) announced that, pursuant to Rule 12 of the Rules of Procedure, the Council should elect a Bureau consisting of a Chairperson and two Vice-Chairpersons to serve for a period of two years. He had been informed of the nomination of Mr Guido Mantega, Minister for Planning, Budget and Management of the Federative Republic of Brazil, for the office of Chairperson.

26. **Mr Guido Mantega (Brazil) was elected Chairperson of the Governing Council by acclamation.**

27. **Mr NUMBERI** (Indonesia) said that he had been informed of the nomination of Ms Nobuko **Matsubara**, Ambassador of Japan to Italy, and Mr Nuri Ibrahim Hasan, Ambassador of the Libyan Arab Jamahiriya to IFAD, for the offices of Vice-Chairpersons.

28. **Ms Nobuko Matsubara (Japan) and Mr Nuri Ibrahim Hasan (Libyan Arab Jamahiriya) were elected Vice-Chairpersons of the Governing Council by acclamation.**

29. **Mr Mantega (Brazil) took the Chair.**

30. **The CHAIRPERSON** said that his election as Chairperson of the Governing Council was a great honour both for himself and for his country, and coincided with the thirtieth anniversary of the 1974 World Food Conference, at which the decision to set up IFAD had been taken. Brazil’s objectives were very close to those of IFAD and the Government’s priorities focused on enabling the poorest people to have access to employment and markets for their produce, thereby ensuring their own dignity and autonomy. It had launched two programmes aimed at facilitating access to food and managing work in the rural areas, namely, the Zero Hunger Programme and the National Programme to Strengthen Family Agriculture, and had proposed together with the Governments of France and Chile, at a meeting with the Secretary-General of the United Nations, the establishment of an international fund to combat hunger as a means of bringing fresh resources and renewed political weight to this issue. Rural poverty was linked inter alia to the lack of land ownership, but the solution lay not only in the redistribution of land: financing for family production and technical assistance were also needed. The economic stagnation of most Latin American countries over the previous two decades had led to an exodus from the rural areas and ever more homeless people, and he urged the

multilateral organizations to provide more resources to overcome those problems. International trade and access to world markets played an important role in combating hunger, and it was the responsibility of the rich countries to eliminate distortions resulting from protectionism, and of organizations like IFAD to work towards that end.

31. IFAD's new policy for performance-based allocation of resources should lead to a transparent, objective and well-balanced system benefiting the poorest people. Despite the financial difficulties it was facing, Brazil had continued to contribute to IFAD's financial resources. As President Lula da Silva had said, action should be taken to ensure that everyone could eat a decent meal three times a day without having to rely on donations. Hunger, poverty and social exclusion must be conquered in a war to save lives.

INAUGURAL ADDRESS BY THE PRESIDENT OF BURKINA FASO

32. **His Excellency Blaise Compaoré, President of Burkina Faso, was conducted to his seat.**

33. **Mr BÂGE** (President of IFAD) said it was a pleasure to welcome His Excellency Blaise Compaoré, President of Burkina Faso, to the Twenty-Seventh Session of the Governing Council. The country strategies introduced under President Compaoré's leadership had effectively targeted the core problems of extreme poverty and deprivation and concentrated on reaching the poor and vulnerable. With more than twenty years' experience of working in Burkina Faso, IFAD had been able to join in combined efforts to foster sustainable development. As a strong voice for Africa, President Compaoré had expounded the continent's potential and placed faith in Africa's still under-utilized human and natural resources.

34. Today's Africa no longer evoked just gloom and despair, but also a hope for the end of rural poverty and food insecurity and a brighter future for generations to come. President's Compaoré's able leadership had demonstrated the importance he attached to rural development and his determination and courage in confronting the problems facing the rural poor, and was an inspiration to his peers the world over.

35. **Mr COMPAORÉ** (President of Burkina Faso) delivered an inaugural address, the full text of which is reproduced in Chapter 4.

36. **The CHAIRPERSON** thanked President Compaoré for his address, which confirmed his country's commitment to the common goals of promoting development and helping those in need.

37. **Ms PALLEZ** (France), speaking on behalf of the Governing Council, said it was heartening to listen to the words of a leader who had both a profound understanding of the needs of the poor and a vision of the way forward. In the present era of globalization, it was the duty of all nations to look beyond their geographical boundaries and work towards international cooperation and solidarity for the benefit of all. The need for equality in international relations, and particularly trade in agricultural commodities, was pertinent not only to Burkina Faso and Africa as a whole but to the 900 million rural people living in poverty across the globe. President Compaoré's commitment to highlighting their problems and seeking a solution that would make achievement of the MDGs a reality was a source of inspiration to all. His presence at the Governing Council bore witness to the respect that Burkina Faso had for IFAD, which in turn would continue to lend its unflinching support to that country and to Africa as a whole. The Fund was channelling almost 50% of its resources to financing projects to benefit the poorest of the poor in Africa. Solutions were needed to a number of problems, including those of the cotton sector so vital to Burkina Faso and many other African countries. She was grateful to President Compaoré for mentioning women in development, given the recognized close link between the place of women and their role in economic development. IFAD had been a pioneer in empowering women, and it would continue to include such activities in all its future projects and programmes.

MESSAGE OF THE SECRETARY-GENERAL OF THE UNITED NATIONS

38. **The CHAIRPERSON** read out a message from Mr Kofi Annan, Secretary-General of the United Nations, the full text of which is reproduced in Chapter 4.

STATEMENT OF THE PRESIDENT OF IFAD (Agenda Item 4)

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

40. **The CHAIRPERSON** expressed the Governing Council's appreciation of Mr Båge's enlightening statement, which bore witness to the leadership he was providing and to his commitment to achieving the goals set by the Millennium Summit and the specific goals of the Fund.

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

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

42. **The CHAIRPERSON** thanked Mr Diouf for his positive message. The Council appreciated the excellent collaboration between the two organizations, which had gone from strength to strength over the years.

MESSAGE OF THE EXECUTIVE DIRECTOR OF THE WORLD FOOD PROGRAMME

43. **Mr GRAISSE** (Senior Deputy Executive Director, World Food Programme) delivered a statement on behalf of Mr James Morris, Executive Director of the World Food Programme (WFP), the full text of which is reproduced in Chapter 4.

44. **The CHAIRPERSON** asked Mr Graisse to convey the Governing Council's gratitude to Mr Morris for his message, which reaffirmed the excellent collaboration between the two organizations that continued to grow for the benefit of all those who were still in desperate need of food security.

GENERAL STATEMENTS (Agenda Item 5)

45. **Mr MAGRI** (Italy) said that his Government fully supported IFAD's programme of work for 2004 and its medium-term strategy, and appreciated the results achieved in 2003. He announced that Parliament had approved Italy's contribution to the Fifth Replenishment of the Fund's resources. As host country, Italy was cognizant of its duties under the Headquarters Agreement and it had met IFAD's request for a new headquarters building; he was sure that the new premises would help to enhance IFAD's prestige and streamline its functions and structure.

46. At a time when one fifth of all humanity was affected by extreme poverty and so many were excluded from economic growth, the developing countries should make every effort to improve the plight of their own people, while more commitment and support was needed on the part of the industrialized world. Recent international forums had led to pledges for increased official development assistance (ODA) after a decade of decline, but a number of serious obstacles were still to be overcome. For its part, Italy was committed to supporting international organizations such as IFAD that were involved in combating hunger and poverty and to increasing ODA to 0.33% of gross domestic product (GDP). Italy had been among the first countries to promote measures for debt relief and had provided additional resources to IFAD for the Debt Initiative for Heavily Indebted Poor Countries (HIPC). Among the Rome-based United Nations agencies charged with the important

mission of attaining the MDGs relative to rural poverty and food insecurity, IFAD had a particularly important role to play. Concern had often been expressed at the slow progress in reaching trade agreements and opening up markets. However, trade liberalization would not be enough to reduce poverty unless small agricultural holdings in the developing countries had the resources and assistance they needed to gain access to markets. Every effort should be made to diversify developing country products and to guarantee access to credit for small farmers in order to ensure integration into the regional and world trading systems.

47. Italy welcomed the further strengthening of the Fund in 2003 by a strategic planning process aimed at optimizing the use of its resources, the new Performance-Based Allocation System (PBAS), ensuring an ongoing IFAD field presence, and improved methods for monitoring and evaluating project results. The Organization's efforts in that regard should lead to improved governance and broader dialogue with its beneficiary countries. As far as the efficiency of aid was concerned, his Government was convinced of the importance of harmonizing the procedures and practices of donor countries in line with the 2003 Rome Declaration on Harmonization. In the fight against poverty, an integrated approach to agricultural development should be adopted, encompassing debt relief, access to markets, improved financial flows and involvement of grassroots organizations in development strategies. He reaffirmed Italy's continued commitment to the Fund.

48. **Mr BÅGE** (President of IFAD) thanked the Italian Government for its outstanding support to IFAD over the previous twenty-six years, which demonstrated Italy's strong and longstanding commitment to the United Nations family as a whole, especially the Rome-based agencies, and to the common vision of a better world. He was grateful for the proposed new headquarters building, which would make it possible to centralize the Fund's operations, thus allowing for better staff security – a critical issue at the present time – and enabling the Fund to host its meetings on the premises, which would save both time and money. He looked forward to settling further arrangements for the new headquarters building with the Government of Italy in the near future.

49. **Mr TABONG KIMA** (Cameroon) said that the theme of the current year's Governing Council was in line with the growing global interest in the negotiations on international trade in agricultural commodities. The MDG of reducing hunger and poverty was of concern to developing and developed countries alike. Regional or international trade should be seen as instruments for improving trade, fostering economic development and integrating developing countries into the world trading system. The outcome of recent trade negotiations was a matter of concern; further consideration should clearly be given to market access and to export subsidies and domestic support that led to serious distortions in international trade. Given the current focus on rural development as crucial to sustainable change in the status of the rural poor, the international community should take steps to help them gain access to productive and technological resources and to diversify their market capabilities. Political will on the part of developing country governments, North-South cooperation and South-South cooperation would increase the chances of success in the coming trade negotiations. IFAD should continue to help build up the capacity of rural people in the developing world, as they had much to offer in terms of knowledge and skill.

50. Among the important steps taken since the conclusion of negotiations on the Sixth Replenishment of the Fund's resources were the launching of the Field Presence Pilot Programme, which would enhance policy dialogue in developing countries, the development of the PBAS – although care should be taken to avoid creating unwarranted disparities in allocations among countries – and the progress made towards conducting an independent external evaluation of IFAD. The Fund's participation in the Debt Initiative should be backed up by other donors. He welcomed the news that the Sixth Replenishment of IFAD's resources had been declared effective, and looked forward to the launching of negotiations on the Seventh Replenishment. It was heartening to see the efforts of developing country Member States to contribute to the Fund's resources despite the financial difficulties they were facing. A case in point was own his country, which had increased its contribution by 25%.

51. The New Partnership for Africa's Development (NEPAD) needed more active support. IFAD was to be commended for its intention to sign an agreement with the NEPAD Secretariat. In conclusion, he stressed the alarmingly high incidence of HIV/AIDS in the developing world, calling on IFAD to incorporate an HIV/AIDS component in all its programmes and projects.

52. **Ms MATSUBARA** (Japan) said that, while the theme of the current year's panel discussion was pertinent to the achievement of the MDGs, what was really needed to achieve the goals was a comprehensive approach that included the mobilization of ODA, domestic funds in developing countries, private funds including direct foreign investment and funds generated by trade. In that overall perspective the promotion of trade was crucial to securing adequate development financing. At the same time, self-help and ownership by recipient countries were prerequisites for achieving the MDGs, as were partnerships with the international community.

53. As the world's largest net importer of food products, with 50% of its food imports coming from developing countries, Japan had taken steps to expand access to its markets by lifting duties and quotas on agricultural products from those countries. The number of least developed countries' agricultural and fishery products exempt from duties and quotas had accordingly risen from approximately 300 to 500 since April 2003. Under the new ODA Charter, revised in August 2003, poverty reduction was a priority concern for Japan, as was assistance for education, health care and welfare, water and sanitation, and agriculture. In 2000 and 2001, Japan's assistance to agriculture had amounted to USD 1.14 billion, or 40% of all bilateral ODA. One of her country's contributions to South-South cooperation and achieving the MDGs was the development and dissemination of New Rice for Africa, which should strengthen rice production in West Africa, thereby contributing to food security and poverty alleviation and saving foreign currency that would otherwise be used for importing rice. Japan would welcome support from other actors for that programme.

54. The Third Tokyo International Conference on African Development (TICAD III), hosted in Tokyo in 2003, would be followed up by the TICAD Asia-Africa Trade and Investment Conference in autumn 2004. Japan intended to continue actively supporting rural development and further strengthen its relations with IFAD.

55. **Mr MORÁN VAL** (Peru), speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC), said that IFAD's Programme of Work and Administrative Budget for 2004 was a step backwards in the remit of the Organization. The 25 projects proposed for 2004 represented a 15% decline compared with three years earlier and, while the grant programme had indeed expanded, the increase did not exceed 5%. IFAD had changed considerably in two years, with much more emphasis on supervisory measures, such as the Field Presence Pilot Programme, the Independent External Evaluation, the PBAS and the Strategic Change Programme (SCP) - all at the cost of agricultural development and hence the Organization's mandate. He hoped that that trend would be reversed and that, apart from certain justifiable control activities, the Organization would concentrate on financing agricultural development projects in the developing countries. GRULAC was pleased to note that the Sixth Replenishment had become effective in December 2003, but noted regrettable delays in payments for the Fifth Replenishment, and appealed for steps to be taken to avoid further delays in payment by major contributors to the Sixth Replenishment and for interest to be rekindled among the smaller contributors. The report on the SCP gave rise to concern as it pointed up a number of shortcomings, which must be overcome as it would be difficult to increase the budget for the programme.

56. Reiterating the region's support for IFAD's participation in the International Land Coalition, he urged the Fund to continue its work with the Coalition and hoped that it would be able to widen its range of activities in the region, especially regarding support for women. The Global Mechanism of the United Nations Convention to Combat Desertification (CCD) was to be commended for its projects, particularly those promoting the sustainable development of arid and semi-arid regions. He was grateful for the information provided on the new PBAS, looked forward to seeing its practical

repercussions and, so that it could serve as a tool that would reinforce IFAD's mandate, hoped that the dialogue would continue and that the Council would have the opportunity to monitor its developments.

57. On the theme of the panel discussion, what was needed was a transparent and efficient multilateral trade system, with competitiveness and efficiency developing hand in hand with equal opportunities for trade in agricultural products. A major obstacle to development was the prevailing inequality in such trade. IFAD was therefore to be congratulated on its choice of theme, and he hoped it would lend its institutional voice and capacity to the fight for a fair agricultural trading system based on the quality of products and services and not on subsidies. IFAD was also to be commended on producing a discussion paper on the remittances sent by migrant workers back to their countries of origin, which provided the potential for networking and developing innovative strategies to help recipient communities to rise out of poverty.

58. Ms Matsubara (Japan) took the Chair.

59. **Ms PALLEZ** (France) said that the priority France attached to combating hunger and poverty and to achieving the MDGs had been reiterated during the recent meeting in Geneva between the President of the French Republic, the Presidents of Brazil and Chile and the Secretary-General of the United Nations. In the fight against hunger, it was in action to improve food security that the essential role of IFAD lay, through its work with the poorest of the rural poor and also by supporting agricultural research, technology and knowledge transfers and improving poor people's access to markets.

60. The period of the Sixth Replenishment was marked by thoroughgoing reforms within IFAD, including a successful review of the Fund's financial situation and establishment of the PBAS. In implementing the reforms, the Fund's mandate should be constantly borne in mind: its projects were directed primarily at people, rather than States. Africa should remain a top priority. France did not see the need for further reforms during the Seventh Replenishment exercise, which should be an occasion for implementing the reforms adopted and finalizing those still to be concluded, such as in investment policy. Replenishment of the Fund's resources should be linked to its core mandate. France would like to see the fight against hunger and poverty on the agenda of the Seventh Replenishment deliberations, together with expected outcomes, in the framework of a plan of action.

61. IFAD would have a pivotal role to play in the global alliance against hunger and poverty proposed at the recent Geneva meeting to which she had referred earlier. At a time of scarce resources, coordinated action among all stakeholders, including international agencies, donors and local actors, was essential. She suggested the holding of annual joint Executive Board meetings among the Rome-based food agencies. The Geneva meeting had also raised the question of resources and decided to set up an open-ended working group to consider, inter alia, practical, innovative proposals for mobilizing additional resources among the international community to combat hunger and poverty. France supported the idea of a global financing facility put forward by the Government of the United Kingdom, and was itself considering proposals for taxing certain international transactions. It would keep IFAD informed of developments in that connection. France reaffirmed its support for the Fund, welcomed the bold reforms it had undertaken and called for stronger action in the form of a multi-annual plan of action against rural hunger and poverty in close coordination with other competent agencies.

62. **Mr LI** (China), thanking IFAD for its support to his country's rural development and poverty alleviation efforts, commended the reforms undertaken by the Organization to adapt to the changing global environment. In the current context of increasing global poverty, greater efforts were needed on the part of the international community to redress the situation. The developing countries needed more assistance from the developed world in terms of providing funds, reducing or waiving debt, transferring technology and conducting trade on equal terms. It was in the long-term interest of the

developed world to reduce global poverty and achieve and maintain peace and stability. Sustainable economic growth and prosperity for all should be the ultimate goal of mankind.

63. Since 1981, China and IFAD had been working very closely to reduce poverty and ensure sustainable rural development, which had led to new approaches to measures for fighting poverty benefiting millions of the rural poor. His Government had always met its responsibilities as a Member State of the Fund, as reflected in its pledges to successive replenishments, and, despite financial constraints, had steadily increased its contributions. Just the day before, he had delivered a promissory note for USD 5 892 000 as China's contribution to the Fifth Replenishment and pledged USD 10 500 000 for the Sixth Replenishment.

64. Since the 1990s, there had been a marked drop in the number of absolutely poor people in China. Over the previous twenty years, more than 200 million poverty-stricken people had risen out of poverty. That would not have been possible without rapid economic growth and his Government remained committed to fighting poverty through sustainable, integrated development strategies for balanced, all-round economic growth, with the agricultural sector as a top priority. The Government would continue to provide essential policy and financial support for the rural poor by adjusting economic structure, developing local resources and commodity production and improving their capacity for self-help. China cherished its friendly relations and cooperation with IFAD and the development community, and intended to continue working for a world free of poverty.

65. **Mr MOESBY** (Denmark), speaking on behalf of the Nordic countries, commended IFAD on its committed and constructive work to implement measures decided upon during the previous replenishment exercise. The Nordic countries staunchly supported the re-emerging political consensus on the importance of rural development, as reflected in the theme of the High-Level Segment of the Economic and Social Council of the United Nations in July 2003, and intended to assist the Fund in contributing to the challenging task of achieving the MDGs and to meet development needs with concrete actions and in partnership with others. The right to sufficient and safe food for good health and well-being was a basic human right. In seeking to alleviate rural poverty IFAD should use its experience and innovative role to demonstrate its advantage as a financing and development institution and its unique understanding of the needs of rural people. Special attention should be paid to empowering women as they constituted the overwhelming majority of the labour force in developing countries, and IFAD could help by ensuring, for example, that they had greater access to financial services and labour markets and by promoting their rights to possess and inherit land.

66. IFAD's knowledge and insight, in close dialogue with the developing countries themselves, should be increasingly channelled into formulating poverty reduction strategies and national development plans. All donors, including organizations such as IFAD, had an obligation to work together to improve coordination at the country level. That IFAD was a small financial institution made it all the more important for it to bring its experience in rural development into play in efforts to strengthen coordination and harmonization among multilateral development agencies at the country level, for example by contributing to sector-wide approaches initiatives. Other tools for enhanced development effectiveness were the Field Presence Pilot Programme and results-based management. The Nordic countries pledged their continued participation in the work of the Fund.

67. **Mr Mantega (Brazil) resumed the Chair.**

68. **Ms MUCHADA** (Zimbabwe) endorsed the plea made by the President of Burkina Faso on behalf of the poor in Africa, especially women. Her country had suffered consecutive years of drought that had had a negative impact on agricultural production. Faced with the task of averting a humanitarian crisis, her Government had used much-needed foreign exchange to import food and had therefore been unable to meet its obligations to IFAD in 2002 and 2003. That had led to suspension of disbursements for the Smallholder Dry Areas Resource Management Project. Despite the suspension, however, the Government had honoured its obligations locally and continued to implement IFAD

projects. She hoped that it would soon be possible to restart the Smallholder Dry Areas Resource Management Project, which had transformed Zimbabwe's approach to rural development, once a rescheduling of repayments consistent with the country's capacity had been negotiated.

69. Zimbabwe had set up a Land Review Commission and the Government would be working with its partners to secure the necessary resources to support the agrarian reforms, one of whose pillars was access to markets. Completion of the Doha round of talks was seen as the only way to establish fair trade that would benefit the poor as well. In December 2003, her Government had initiated a structural reform of the economy, which had already resulted in the appreciation of the Zimbabwe dollar against the United States dollar, free availability of fuel and other scarce commodities, reduced prices of most imported goods and renewed confidence in the financial sector. Zimbabwe remained committed to honouring its obligations vis-à-vis international financial institutions. It was against that background that the proposal for resumed cooperation with IFAD was being made.

70. IFAD's mission to help the poor was at risk, as witnessed by the reduced number of countries benefiting from IFAD assistance and fewer voluntary contributions to the Fund's resources. Innovative ways of encouraging members to contribute to the Sixth Replenishment exercise should be sought. PBAS introduced welcome transparency, but should not be used as a means of excluding deserving cases. Further work was needed on developing objective, well measurable criteria. IFAD was neither a bank nor a political institution, and should not move away from its mission. She urged IFAD to contribute to Africa's development in the context of NEPAD, which had clearly articulated the continent's requirements. The views of the Governors and lessons learned from their experience in the field should be incorporated into IFAD's programme.

71. **Mr RODEZNO MUNGUÍA** (El Salvador) associated himself with the comments of the Chairperson of GRULAC. Since 1999, the problems of falling production, lack of market information or contacts and limited solidarity with the rural populations had been largely overcome in El Salvador through government policies aimed at strengthening the agriculture, livestock and fisheries sectors and improving poor rural people's living conditions. Efforts had been made to develop technology, including the creation of a fund for technological innovation, and to identify new crop varieties in order to guarantee food security, which had helped generate employment and open up market opportunities. Technical assistance services for producers' organizations had been decentralized and agreements signed for productive projects fostering new technology, best practices and environmental conservation.

72. In addition, his Government had designed new structures and tools to improve marketing and set up agro-trade centres across the country to acquaint small farmers and livestock breeders with market opportunities. The conclusion of agreements between producers and industry had improved the marketing of rice, maize and sorghum, resulting in greater food security. Exports of agricultural products had increased, and a free trade agreement had been signed with the United States. Much work had been done to eradicate crop and animal disease so as to ensure the safety and traceability of Salvadorian food products and thereby maintain their competitiveness on export markets. El Salvador's national food security plan aimed at meeting the country's commitment to achieving the MDG relating to hunger and poverty. Every effort had been made to write off agrarian debts and award land titles, all of which had had a positive impact on investment in crop-producing areas. In closing, he urged IFAD to strengthen its cooperation with both the Latin American and the Caribbean region and other developing regions in support of government efforts to overcome the marginalization of the rural poor.

73. **The meeting rose at 13.25 hours.**

- (ii) Summary Record of the Second Meeting of the Twenty-Seventh Session held on Wednesday, 18 February 2004 at 15.00 hours

CHAIRPERSONS: **GUIDO MANTEGA (BRAZIL)**
 NURI IBRAHIM HASAN (LIBYAN ARAB JAMAHIRIYA)

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Moderator and Panelists



Panel Moderator: Ms Maureen O'Neil, President of the International Development Research Centre (IDRC), Canada



H.E. Blaise Compaoré, President of Burkina Faso with the President of IFAD, Mr Lennart Båge



Dr Michael Hofmann, Director-General of the Federal Ministry of Economic Cooperation and Development of the Federal Republic of Germany



Ms Victoria Tauli Corpuz, Executive Director of the TEBTEBBA Foundation, The Philippines



Mr Martin Khor, Director of the Third World Network (TWN), Malaysia

74. **The meeting was called to order at 15.20 hours.**

PANEL DISCUSSION ON THE THEME: "TRADE AND RURAL DEVELOPMENT: OPPORTUNITIES AND CHALLENGES FOR THE RURAL POOR" (GC 27/L.10, GC 27/INF.3)

75. **The CHAIRPERSON** said that the panel discussion would begin with a short video presentation.

76. **Mr BÂGE** (President of IFAD) said that the video would present a collection of statements from rural poor people in Bolivia, Burkina Faso, Guatemala, Laos, Morocco and Peru, each of whom was asked to describe the greatest obstacles to trade that they faced.

77. **A video was projected.**

78. **The CHAIRPERSON** then introduced the guests who had agreed to share their views and expertise with the Council. Ms Maureen O'Neil, President of the International Development Research Centre, former interim President of the International Centre for Human Rights and Democratic Development and former President of the North-South Institute, had agreed to act as Moderator. She also represented Canada on the United Nations Commission on the Status of Women and on Organisation for Economic Co-operation and Development (OECD) committees, and had been a member of the United Nations Committee for Development Planning and of the Board of the United Nations Research Institute for Social Development. Mr Michael J. Hofmann was the Director-General of the Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany and had a long and distinguished record in development, trade and policy issues. Mr Martin Khor was the Director of the Third World Network and former Vice-Chairman of the United Nations Commission on Human Rights Expert Group on the Right to Development and member of the Board of the South Centre; he was an economist and former university lecturer in Malaysia who had written widely on trade, development and agricultural issues and North-South relations. Ms Victoria Tauli Corpuz was Executive Director of the Tebtebba Foundation (Indigenous Peoples' International Centre for Policy Research and Education), which aimed to build the capacity of indigenous peoples worldwide to articulate their rights and conduct their own analysis into issues affecting indigenous communities.

79. **Ms O'NEIL** (Moderator) said she hoped that the Secretariat discussion paper, which presented interesting new approaches, would stimulate a good deal of discussion and argument.

80. **Mr BÂGE** (President of IFAD) said that IFAD's concern in the panel discussion was not with trade in itself but with the influence of trade and market access on rural poverty. The question was how the reduction of rural poverty was to be pursued in the existing and evolving process of globalization. The international trade regime and its well-known distortions strongly affected the rural poor and their development prospects. It was important to recognize that international trade restrictions hurt not only middle-income countries but also small-scale farmers in the poorest countries. Trade reform was not only a development issue; it was also undoubtedly a poverty issue.

81. While the nature of the trade regime affected the poverty situation, and while trade reform could contribute to poverty reduction, and was indeed essential for it, changing the trade regime would not necessarily be sufficient on its own. In order to give a major boost to poverty reduction, poor small producers had to be empowered. They needed better access to land and water, rural finance, technology and organization, failing which they might not benefit to the maximum extent from trade reform and might in some cases be worse off, since they would have to compete for resources in markets with larger-scale producers in their own countries.

82. The results of trade reform depended not only on what the developed countries did, but equally on reform by the developing countries, as many studies had shown. That was important because it underlined the point made at the International Conference on Financing for Development that poverty reduction required a strong partnership between developed and developing countries, and also because success in the quest for genuine and profound trade reform would hinge partly on showing that it would be beneficial for the poor.

83. Globalization was changing everything, including the situation of and opportunities for the rural poor. Markets were critical but the nature of those markets was changing rapidly. Thought had to be given to the future of small-scale agriculture, and how it could be the basis for poverty reduction and development. Thought had to be given to twenty-first-century solutions. Thought had to be given not only to greater production but also to diversification, rural enterprise, service development and linkages to the private sector. In all of that there was a strong link to the international trade regime, which was why the topic was of such importance to the people IFAD served.

84. **Mr MANTEGA** said that the current system of international trade in agricultural products did not offer fair conditions to products offered by developing countries. The distortions especially affected the poorest populations. Overcoming such problems depended on domestic policies to combat rural poverty, but also on adequate international conditions. The Government of Brazil was trying to tackle rural poverty on the domestic and international fronts. The national programme for bolstering family agriculture financed 27% of the 4.1 million family-run farms, which were responsible for about 40% of the value of Brazil's agricultural production and provided more than two-thirds of the jobs available in agriculture. The programme had an important role in maintaining employment in rural areas and increasing agricultural production and productivity by providing financing, training, technical assistance and credit to family farmers.

85. The regenerative and analogue agroforestry programme for family agriculture 2003-2004 provided USD 1.8 billion on concessional terms in order to respond to the requirements of small farmers. It would be involved in job creation and consolidation, and in the provision of technical assistance, infrastructure, grants and credit, the aim being to reduce rural poverty and ease the effects of the fluctuations of agricultural prices on the income of micro-producers.

86. Rural poverty could not be dissociated from the issue of trade, and other governments had the same concerns as the Government of Brazil. Together with other developing countries that were part of the Group of Twenty (G-20), Brazil was championing the abandonment of the existing system of international trade in produce and the introduction of greater discipline in the application of anti-dumping measures. Unfair competition in the export of agricultural foods and non-tariff barriers on the part of developed countries were clearly great obstacles to fair trade. The issue of agriculture was crucial if the Doha round of negotiations was to fulfil its initial mandate. It was no longer acceptable for developed countries to grant huge subsidies to their producers to the detriment of small rural landholders who grew the same crops in developing countries. The promotion of fair trade and the elimination of subsidies had an impact on the market as a whole, and therefore affected producers in developing countries; they also led to greater progress in agriculture, and ultimately social progress, in those countries.

87. It was necessary to discipline farm subsidies and remove any distortions that particularly favoured large agro-business in developed countries. In the developing countries, a combination of modern and family agriculture was essential in order to overcome poverty and backwardness. His Government was pursuing various programmes with a view to improving economic results and distribution, in which context a development strategy was vital. What was being called for was to preserve the special differential treatment granted to developing countries and to avoid discriminating against the most competitive among them. Substantial reduction of the distorting policies introduced by industrialized countries was important, as was the need to eliminate export subsidies and discipline equivalent programmes, such as export credits and credit guarantee programmes. Lastly, he supported

better and fair access to markets, significant tariff reduction and the elimination of special safeguards for developed countries. A further matter of concern to Brazil was that of dumping; between 1987 and 2000, Brazil alone had submitted a total of 40 requests for anti-dumping investigations to the World Trade Organization (WTO).

88. Without progress in farming, it would be difficult to advance the WTO and Free Trade Area of the Americas negotiations, to which balance should be introduced by addressing such important themes as agriculture and trade distortions. The current multilateral round should also achieve a balanced outcome that preserved an autonomous space for developing countries to implement industrial, social and environmental policies, as crucial components of negotiations on the topics of investment, government procurement and services. In short, Brazil proposed a comprehensive discussion of agriculture that took into account development levels and the size of the economies concerned, failing which it was unlikely that international trade would further the reduction of regional inequalities and the elimination of rural poverty in developing countries.

89. **Mr KHOR** reiterated that the income of poor farmers was the main issue at stake. In order to resolve such key problems as rural poverty, land reform, provision of credit, storage and marketing, it was crucial to tackle supply constraints. In that connection, the trade rules influenced trade policy and consequently whether trade was used to good or bad ends. The twin aspects of imports and exports were also very important for the small producer. It was not possible, for instance, to produce higher export earnings by increasing volume and price in the case of export commodities such as coffee, of which there was an oversupply. Market access barriers were an additional problem. As to imports, while liberalization had its advantages, if introduced too rapidly it could create import surges and displace products and livelihoods of small farmers – now a major problem.

90. In regard to the effect of markets on local communities, the fact was that, to overcome poverty, subsistence farmers needed to produce a surplus and sell to the urban market. Many, however, faced competition from other producers and cheap imports, as had been shown in the video screened. Commodity farmers also faced the problem of oversupply and declining prices, in addition to which some commodities had to compete with subsidized commodities from the North, the consequences of which were threefold: first, access to the North was blocked; secondly, sales to a third market were not possible; and thirdly, a highly unjust situation ensued in which local products were displaced by the subsidized products in the local markets, even though local farmers were more efficient producers.

91. A fourth problem was the displacement of farmers resulting from excessive liberalization imposed by the conditionalities of structural adjustment and Poverty Reduction Strategy Paper (PRSP) loans, as well as by the WTO rules. The result was to create the import surges currently affecting small farmers in dozens of countries. The WTO rules were imbalanced in that they allowed continuing protection of the North, while placing pressure on the South to liberalize. In that context, the cotton initiative of many African countries was a very bold move which had nevertheless failed to bear fruit at Cancún.

92. The solutions to such problems included a review of the entire global framework that determined trade policy in the developing countries, as well as a review of the conditionalities of structural adjustment and PRSP loans. An independent review was also necessary to determine whether those conditionalities had been too harsh on the developing countries. It was equally necessary to eliminate export subsidies within the time frame set under the Doha mandate. In connection with domestic support, speedy elimination of the amber box and blue box subsidies was essential, whereas the green box subsidies should be reviewed, kept and, in some cases, reduced. The developed countries should reduce their high tariffs and the developing countries should be entitled not to reduce their tariffs further, particularly on products that were highly subsidized by the North. Moreover, a special mechanism, similar to the safeguard mechanism applied by the developed

countries, should be introduced to allow small farmers in the developing countries to raise their tariff above the bound rate in the case of particularly important products which faced an import surge.

93. In regard to commodities, an entirely new international action plan was needed to address the problems of low and declining prices and oversupply. As to the supply capacity of developing countries, IFAD's work to raise the assets and bargaining power of small farmers should continue. IFAD could also play a vital role in helping to give shape to the solutions which he had suggested.

94. **Mr HOFMANN** said that the discussion paper showed clearly that the Doha development round was important; but it was not sufficient and much could be done to improve the livelihood of small farmers. Thought should be given to ways of assisting that process. The developing countries must ensure inter alia that investment was made in institutions and infrastructure, that market failures were addressed and that cooperatives were promoted. But the industrialized countries had to deliver something as well. It was only too clear to development assistance workers that there had to be a wider opening of markets in industrialized countries, that export subsidies must be quickly discontinued, and that internal subsidies would have to be discussed along the lines suggested by Mr Khor in order to identify the distortions and the effects on developing countries.

95. He was aware, however, of the arguments against opening up. The topics of international environment and national activities were closely interrelated. The case for faster opening up would be more convincing if it was certain that the benefits really accrued to small farmers and to the poor. The developing countries must therefore demonstrate their domestic reforms, for it was easy for farming associations in industrialized countries to argue that in Brazil, for example, the beneficiaries were the big landowners. The news from Minister Mantega that the Brazilian Government was really reshaping the agricultural scene was important in that connection, and such a policy made Brazil's own demands more credible. Such reforms were also needed in South-South relationships and trade. The approach should indeed be non-discriminatory, but at the same time there was clear discrimination among the developing countries themselves. The problem of different levels of development had to be addressed correctly.

96. In 25 years' time the world would have two billion more people, only 50 million of them born in the OECD countries. The markets to feed that population were clearly located in the developing countries, which must create the necessary opportunities. There must be a *quid pro quo*: opening up by the industrialized countries; and reforms in the developing countries, including facilitation of South-South trade.

97. The obvious decline in development assistance to agriculture and rural areas could be addressed by focusing on the clashes between types of development assistance. A broader view of the scene was now needed: rural areas must be supported and non-agricultural income possibilities must be identified, together with the obstacles – water, health, education, etc. And special attention must be given to women and girls, who were exploited but whose great potential was not used.

98. There must be some kind of division of labour. The IFAD role should be to advocate the report's excellent recommendations and persuade other financial institutions and bilateral donors to look for cofinancing opportunities, avoiding replication of the expertise in each case. What should be replicated were smaller programmes and projects which were feasible for IFAD – a kind of best practice for use in other fields.

99. The political pendulum was now beginning to swing back towards agriculture, and everyone must be prepared for the new demand for more to be done in rural areas, for agriculture and for non-agricultural income possibilities, all with a view to improving people's livelihoods. All the elements discussed by the Panel – diversification, market access and so on – must be brought together in an improved international and national environment and the linkages made absolutely clear.

100. **Ms TAULI CORPUZ** said that IFAD, no doubt because of its mandate to work for the rural poor, was one of the few organizations to have shown a deep understanding of the realities of indigenous people's lives, for the vast majority of the estimated 320 million indigenous people in 70 countries were chronically poor. They accounted in fact for one third of the "poorest of the poor" category. But the fact that the majority of them were still subsistence farmers, hunters and gatherers with no involvement in international trade did not mean that they were not directly affected by the liberalization of trade and investment.

101. Ever since colonization, the fate of indigenous peoples had been integration into dominant economic and political systems, even against their will. The World Bank and the International Monetary Fund (IMF), and even some United Nations agencies, had played a part in that process, promoting the interests of the world's richest countries. A new colonization was now taking place, not only of the developing world but specifically of indigenous peoples as well, at a time when neo-liberal economic theory was slowly being discredited.

102. Incursions into the territories of indigenous peoples were happening because most of the globe's remaining natural resources were found there. When a developing country was caught in the debt trap, the structural adjustment policies allowed international corporations to exploit the resources in question. Indigenous economic systems and resource-management practices were then destroyed, and some communities were pushed in the direction of cash crops. The IFAD discussion paper rightly acknowledged that point. The dumping in the developing countries of the industrialized countries' overproduction of similar crops had resulted in the bankruptcy of mainly indigenous farmers. Furthermore, as a result of the trade-related aspects of intellectual property rights' (TRIPS) rules traditional indigenous knowledge was being patented by corporations and even by some governmental bodies.

103. IFAD had been helping indigenous peoples to cope with globalization. For example, it had carried out a project in her own country, The Philippines, designed to alleviate the poverty of indigenous peoples and the adverse impact of globalization. In mid-2002, however, an influx of vegetables from a number of industrialized countries had led to a general loss of income and the displacement of 250 000 indigenous farmers, undermining the achievement of the project's goal. The IFAD paper cited a similar case in Mexico but did not mention that most of the 700 000 to 800 000 livelihoods displaced had been indigenous. Moreover, the diversity of maize species nurtured by Mexico's indigenous farmers was now at risk owing to contamination by imported genetically modified corn. The challenge for indigenous peoples did not lie in their capacity to take advantage of the opportunities offered by globalization, for such opportunities did not promote their interests. In fact, the ideological underpinnings of globalization were antithetical to many indigenous values.

104. The discussion paper cited a World Bank estimate of 101 billion dollars as the static gain in income for developing countries as a result of the elimination of all agricultural trade distortions. But 80% of that gain resulted from the elimination of trade restrictions by the developing countries themselves. It was in fact the agricultural distortions in the developed countries which had negated the possibilities of poverty reduction in the developing countries.

105. Indigenous peoples had not been passive in the face of the assaults on their livelihoods. They had been working hard, in the United Nations system and elsewhere, to ensure recognition of their rights to their territories and resources by both developing and developed countries. The President of IFAD had pointed to the need to find twenty-first century solutions to the problems. One of the solutions for indigenous peoples was to promote a rights-based framework for development. In that respect she urged IFAD to sustain the support already given by the United Nations to indigenous peoples. If that kind of partnership were going to be developed further the contributions that existed in terms of making the world's resources more sustainable would contribute to reshaping the world for future generations.

106. **Mr PHORORO** (Lesotho) asked why neither the IFAD panel discussion paper nor any of the panellists had mentioned HIV/AIDS. It might have been felt that the panel discussion was not an appropriate forum, but commodities could only be produced by people with a high level of productivity and HIV/AIDS did not permit that. In Lesotho the incidence of HIV/AIDS was of the order of 30%. He sought an explanation of the reason for the omission of a subject of such great importance to most poor countries.

107. In both the document and the discussion the question of subsidies had been considered solely from the point of view of export subsidies by the developed countries. Nothing had been said about the necessity of subsidies in the developing countries, perhaps because of fear of contradictions, given the argument that subsidies in developed countries should be discouraged because they led to dumping. However, in the developing countries subsidies were development-oriented and not at all negative as they enabled the poor to rise to a level where they could produce. There was no need to be apologetic about subsidies in those countries as they were self-limiting. No sensible developing country could continue subsidizing indefinitely because it would go bankrupt. The subject had been given insufficient attention in the document and panel discussion.

108. The “poor” were currently classified in terms of statistical information based on poverty assessments. It was necessary to be more specific. It was impossible to deal with all types of poverty – acute, chronic and transitional – at once and surely unrealistic to expect to halve world poverty by 2015. Furthermore, could trade make a contribution? Poverty was still increasing, and the best that could be done was to alleviate it. More specifically, it was possibly the people who were in transitional poverty and had the potential to produce and market who could be helped so that world poverty was reduced – but even then a more realistic figure would be to reduce it by a quarter.

109. **Mr KISAMBA-MUGERWA** (Uganda) said that trade meant access to markets of various kinds – domestic, regional, continental or global. What was expected of globalization was access to the big markets, but domestic and regional markets were equally important. However, domestic markets were very small in terms of population and purchasing power, and regional markets were constrained by inadequate communications infrastructure. When Uganda had had a surplus of maize, it had proved very costly to export even to eastern and southern Africa because of the different railway gauges. Responses to all such issues had to be found.

110. Another question to be addressed was exposure to trade internationally: local traders in developing countries were operating in hostile environments, finding it difficult to mobilize the resources for trade in a context of poor financial markets. Production levels in developing countries were still very low and the challenge when seeking access to global markets was to produce and supply at sustainable levels of quality and quantity in accordance with international contractual obligations and with due concern for international standards of food safety. Trade in primary commodities remained a problem, because of the differential between the price paid for a raw commodity and the retail cost of the finished product – coffee being an example – which simply perpetuated rural poverty. Serious thought should be given by developing countries to the question of adding value to what they produced.

111. In Africa especially there were success stories that deserved to be mentioned and built upon – cassava production in Nigeria, maize growing in Uganda and other East African countries, dairy farming in Kenya and cotton production in Mali – all of which could help the countries concerned to scale up successful practices and promote trade in areas where they had a comparative advantage. Furthermore, with agricultural subsidies being an issue in the expanding European Union as well as in the United States in an election year, and unemployment also becoming a problem, the developing countries should use their negotiations to exploit those opportunities where they had comparative advantages.

112. **Mr DÉDÉ** (Central African Republic), referring to Mr Hofmann's statement that poor countries and developing countries would be the market of the future for developed countries, asked when he expected that to happen. Judging from the current state of affairs there were difficulties of access to markets in the northern hemisphere, where there was rampant protectionism. Unless action were taken by the countries of the North, he could not imagine what the time-frame would be for poor countries to secure markets in developed countries.

113. **Mr WERMUTH** (Netherlands) said that the IFAD document had put its finger on the right spot: the common responsibility of developed and developing countries to alleviate poverty by enhancing market access for smallholder farmers.

114. During that morning's discussion, appeals had been made to bilateral donors to reconsider the decline in funding for agricultural and rural development. The fact that The Netherlands had chosen to concentrate its development efforts on health, education, private-sector development and the environment did not mean that it did not value agricultural development. The Netherlands gave financial support to a number of countries but left it to them to decide whether to spend the funds on agriculture. In Uganda, for example, 50% of the public budget was supplied by the World Bank, the United Kingdom's Department for International Development and The Netherlands, but only a small percentage of the funds were allocated to agricultural development. There were, moreover, indirect ways of supporting such development, and The Netherlands would concentrate on private-sector development and on helping governments to create the business environment in which private initiative could flourish. Since agriculture accounted for such a large proportion of developing country growth, The Netherlands policy was indirectly supporting agriculture. And such market and policy improvements could take place in parallel with the much-needed global market liberalization. The creation of regional markets, in Eastern Africa for example, would offer opportunities to local and national producers; it was interesting to note, however, that the governments of that region were somewhat reluctant to open up their own markets.

115. The developed countries could not of course simply sit back and stress the developing countries' responsibility to create market opportunities. There was an immediate need for coherent agriculture, trade and development policies in the Western world, for otherwise smallholder farmers would never profit from the structural changes in the global marketplace. But the acknowledged need for global market liberalization was matched by a responsibility of the developing countries to create an environment conducive to a flourishing private sector.

116. **Ms MUCHADA** (Zimbabwe) said that as a member of the G-20 Zimbabwe fully supported the statement made by the representative of Brazil and agreed that focusing on domestic policies alone would not achieve much by way of rural development; the international partners must be involved in improving the production systems which were being put in place in rural communities. Zimbabwe was therefore appreciative of the projects being carried out in conjunction with IFAD. Fair international trade would enable the rural poor to participate in markets, and access to international markets would provide the income and foreign exchange essential to the expansion of local markets, infrastructure and research and development activities.

117. Export subsidies did indeed have a negative impact on attempts to improve the agricultural sector. Furthermore, in some cases the trade liberalization imposed by the international institutions without due consideration of the local situation might cripple local and State efforts to develop markets and support mechanisms for small farmers. However, the incipient IFAD initiatives would help local communities to fill the vacuum created by undue speed in trade liberalization.

118. South-South cooperation certainly had a role to play in opening up markets, but that enterprise could succeed only if there was no dumping of subsidized products from outside. Local markets needed a chance to grow in a reasonably fair environment. The dumping of food aid products had sometimes made the countries of her region more dependent on donors than on their own farming

capacity but it had also stimulated new ideas about the kinds of product that consumers wanted. In that connection the region looked forward to the next stage of the IFAD projects to deliver added value and competitive packaging and distribution in order to enhance participation in the niche market created by food aid.

119. **Mr Hasan (Libyan Arab Jamahiriya) took the Chair.**

120. **Mr TRAORÉ** (Mali) said that trade and rural development necessarily intersected with food security, a concept which had three dimensions in the Sahelian countries: production and the productivity of the agricultural system; market access; and purchasing power.

121. IFAD had done much in Mali to boost production and productivity and, with other partners, to improve market access. The main problem was that upstream farm inputs remained very costly; and on the downstream side tonnes of produce were rejected by European countries because they did not meet health standards. Support must therefore be given to poor producers, for otherwise Northern products would penetrate Southern markets, and the poverty would increase.

122. Since ODA for agricultural development was decreasing year by year, it was time to take stock of the impact and cost of structural management in agriculture and seek a formula for encouraging national and foreign private investment in agriculture in the countries of the South. In landlocked countries such as Mali multinational corporations were not interested in farm inputs unless they could make a profit, and no domestic producer had the resources to make the big investments required for increased production and productivity in rural areas. The countries of the North, which clearly subsidized their own farmers, must devise policies to persuade multinational corporations to invest in the countries of the South. Mali, for instance, was heavily dependent for its budget on the customs duties levied at its borders. Multinationals, however, would be deterred by high taxation. Consideration should be given to the action to be taken by those responsible for rural development and for international finance by way of alternative approaches to structural adjustment.

123. **Mr SY** (Senegal) said that discussions of agriculture and rural development should focus on the problem of security, which depended first and foremost on a country's ability to feed its people. Subsidies created poverty and hence, in the developing countries at least, insecurity, leading moreover to migration by the poor. Local development would always be thwarted by a situation in which cheap subsidized products competed unfairly with more costly local products to the detriment of local producers. Dairy production in Senegal had suffered on that account, as had the maize production programme, and the distortion caused by the import of subsidized maize raised questions about the very viability of the programme which had been undertaken.

124. He specifically asked the panellists whether the biotechnological issues discussed at the pre-Cancún meeting, held in Sacramento in June 2003, had been contemplated by development partners and IFAD, as follow-up seemed to be lacking. In Africa, no in-depth reflection had as yet been conducted on concrete measures to be taken on biotechnology issues. Another important issue to which consideration should be given and on which feedback would be useful was coordination among donors or development partners to ensure that interventions matched requirements without duplication, for the ultimate benefit of the farmers themselves. He suggested a meeting of all partners involved in agricultural development in Africa.

125. **Mr BLOOMGARDEN** (United States) said that the discussion paper had successfully made the point that the responsibility for trade liberalization and poverty reduction lay with all parties, both rich and poor. While the removal of subsidies and high tariff barriers would help to create an enabling environment for the rural poor, behind-the-border reforms were equally important and an area in which IFAD could play a role in helping farmers to increase their productivity, add value and diversify. The paper cited a very telling statistic, namely that 70% of the additional income gained for poor countries through trade liberalization derived from other better-off developing countries. Equally

telling was the role of subsidies and the distortions which they created in high tariff barriers in the rich countries. The paper also stressed, however, that real barriers in internal trade could have implications that were no less serious than those of barriers in the external markets. As to poverty reduction strategies, they seldom discussed or analysed markets in any great depth, which was a serious problem. In that regard, IFAD could play a prominent role in developing the private sector in rural areas and helping the poor to access markets, including domestic and regional markets.

126. **Ms TAULI CORPUZ** agreed that IFAD should become involved in biotechnological issues, particularly since some of the modern technologies now being introduced into or forced upon the developing countries had contributed to the further destruction of their environment or even to their further impoverishment. Citing the example of the genetic contamination of maize in Mexico, she said that technology regulation was an important issue and an area in which IFAD should explore its own strategy and role, bearing in mind the risk to indigenous peoples posed by technologies such as genetic engineering. Lastly, she said that the traditional resource management practices evolved in the developing world should be replicated in view of their proven sustainability. Unless such technologies were integrated into government programmes, they would be lost forever, as would the opportunity to play a major role in ensuring sustainability in the developing countries.

127. **Mr HOFMANN** agreed that particular attention should be given to the tremendous problems caused by HIV/AIDS in many countries, where, for instance, generations of teachers and health workers were dying. Not only should the international community therefore provide assistance but national leaderships should demonstrate their clear commitment to fighting HIV/AIDS by giving the problem a very high political profile at home. Returning to the subject of prospective markets, he said that they were to be found in the developing countries in view of the large increases in their rural populations. Purchasing power was clearly a prerequisite for those markets, however, and in that connection South-South exchange was vital. As to subsidies, the picture was not as gloomy as painted by some. Successes had been achieved, even in less than perfect environments; there were the Asian miracles, but successes and good practices in Africa and elsewhere too that should be scaled up. Nonetheless, the international environment should be improved, particularly in regard to the export subsidies which produced such great distortions. To a large degree it was a matter of the empowerment of those who wanted to change, to reform, but there was also a need for empathy on the part of the industrialized countries. The approach had to be one of trial and error.

128. The industrialized countries had the tremendous task of ensuring coherence in their policies, which really meant reducing prevailing inconsistencies, so that, for instance, proposals on development issues were not detrimental to those on trade. Where the developing countries were concerned, if they were to work successfully in markets, they had to develop the appropriate institutions that would enable them to regulate, open up or deregulate, as needed. Such institution-building should not be a one-size-fits-all approach, but had to be appropriate to the country taking the market opportunities.

129. Germany had approached its partner countries and asked them to identify the priority sectors in which they wanted it to work. One third had said that one of the sectors should be agriculture, and in Africa two thirds had said agriculture and rural development. There was a new awareness of the need to focus on the agriculture sector. In the final analysis it was the developing countries which had to decide themselves what their priorities were. IFAD was invaluable in that it helped to give small farmers a voice in the PRSP process.

130. **Mr KHOR** said that in the discussion of South-South trade it had been suggested that if developing countries lowered their own tariffs they would benefit most themselves. It was not just the North that would benefit. That should not detract from the argument that those who could do more in the sustainable development field should do so. The principle of common but differentiated responsibility should also apply in relation to trade. Countries that had the means and capacity to absorb more responsibility should play the proportionately larger role; there should be no excuse for

avoiding that role and arguing that the developing countries should, for example, perform two thirds of that role.

131. Secondly, assumptions about gains might not be so realistic. It was true that if tariffs were lowered the consumer might gain more in terms of higher income because of lower price, but if the cheaper imports also resulted in jobs being lost in a particular country then the gains to the consumer were illusory unless the displaced worker was able to find a better job. In developed countries, or even in very dynamic developing countries, that might well happen, but the situation was different in the poorer countries: the displaced worker or farmer would simply become unemployed. Although that would mean he could then purchase food and other products more cheaply, if he had no income at all he could purchase nothing, even at a 25% discount. The assumptions of welfare gains and full employment had to be looked at.

132. South-South trade should certainly be promoted: for poorer countries the best form of such trade was with other countries of their region which were at the same level of development, so that there could be mutual gains. If a developing country reduced its tariffs reciprocally with another that was more efficient, the weaker country might suffer. Even if a cheaper import were entering from another developing country, the first developing country had the right to protect itself through a special product mechanism and through a mechanism known as the special safe-guard mechanism. Those two mechanisms were being advocated by many developing countries in WTO negotiations and should be supported. South-South trade could also be supported through preferential margins offered by developing countries among themselves, which was within the WTO rules.

133. HIV/AIDS was a very important issue in itself, but it was also an important trade issue because the WTO trade rules had a bearing on access to medicines. Within the TRIPS agreement there was a good deal of flexibility for developing countries to introduce compulsory licensing, government use, parallel importing and other instruments to increase access to certain medicines. It was now up to governments at the national level to introduce the appropriate national policies and laws to maximize their ability to have affordable medicines.

134. As to subsidies, the WTO rules were somewhat unfair to the developing countries in that they stated that if a country had subsidies it had to reduce them, but that if it had none, no increase was permissible. Noting that The Netherlands was now focusing on private sector development in developing countries, he said that that, too, was a trade issue in relation to the WTO trade rules. Very high subsidies in the North affected the investment climate in the South in terms of whether the South's agriculture could be profitable and whether it definitely discouraged private sector development. If structural adjustment unrealistically pressed import tariffs down to 5% or zero, there was then no incentive for farmers or small industries in developing countries to develop their own private sector endeavours or enterprise because they would not be viable. There needed to be WTO rules in the structural adjustment conditionality, PRSPs and agricultural subsidy areas and elsewhere which corresponded to the reality of what the private sector could tolerate and use to promote itself, so that the developing country could develop its own enterprises and institutions. Donors interested in developing the private sector in developing countries should remember that their biggest private sector was the small farmers, and should give consideration to the possible need to change the global rules so as to increase the viability of small farmers and small enterprises so that they had the necessary incentive and capacity to profit and develop.

135. The developing countries were watching developments in biotechnology very carefully, and the jury was still out as to its costs and benefits. A report commissioned by the United Kingdom Government had shown that in trials of three specific genetically-engineered crops two had had negative effects on the environment with long-term productivity implications. The safety of genetically-engineered food in terms of productivity, biodiversity and food safety was still being investigated, and care should be taken before opting for it.

136. There were four roles IFAD could consider adopting for itself in the area of trade. First, it could continue to help the poor to improve their asset base and increase their capacity to produce a surplus which they could begin by marketing locally. Secondly, it could identify the global factors that were influenced by global developments and trends, such as the price of a product, the demand for it and the tariffs in the country concerned, and incorporate those items into the decisions and criteria for loans and investments IFAD was going to make. Thirdly, it could help developing countries – non-governmental organizations (NGOs), research institutions and governments – to monitor, analyse, understand and participate in global decision-making on what were realistic loan conditionalities and what were appropriate WTO rules in the area of agriculture as well as intellectual property rights. Finally, and perhaps most controversially, IFAD was surely now ready to be an advocate for a better and fairer global framework in favour of development, the developing countries and their small poor farmers.

137. **Mr BÂGE** (President of IFAD) thanked the panellists and other participants for a very rich debate. He said that there had to be a twin-track approach involving progress in negotiating international trade rules and subsidies and progress in making local, national and regional markets more effective in relation to promoting small-farmer rural development. Energy and resources had to be devoted to dealing with both. There had been much talk about the big challenge of gaining access to developed countries' markets, as well as about developing country markets where there was the highest growth in terms of population and development and therefore great potential. IFAD's mandate was to support the small farmer as best it could with solutions that were contextual and specific, working with and building on local situations. When IFAD was successful, as it was in many parts of the world, it was markets and market linkages and the perspectives of the rural poor in relations to local, national or international markets that became of key importance. In many parts of the world those markets were becoming increasingly integrated. In its project and programme design, IFAD now saw the market dimension much more definitively than it had in the past.

138. If poor farmers were not supported through institution- and capacity-building, and rules and regulations of various kinds, and if they were not assisted in organizing greater negotiating power for themselves in the marketplace and in securing a role for themselves in the political system when it came to national budget priorities and PRSP processes, they might become even more vulnerable than they were because in so many cases prices were falling, which always hit the poorest and most vulnerable hardest. It was very important for IFAD – along with member governments – to see how it could strengthen market linkages and ensure that they worked for poverty reduction and development. It was important to build farmers' strength so that they could take advantage of the market, thereby ensuring that they were not exploited by larger actors in the marketplace. That had already happened in many developed and rapidly developing countries, and it could be achieved in less than perfect conditions. Finally, he agreed that it was crucial for all countries, but maybe particularly the donors, to ensure that there was greater focus on coherence, so that what was given with one hand was not taken away with the other. A coherence index was being developed, and it would be a very useful way of monitoring the international system and the way it delivered on the MDG objectives.

REPORT ON THE SIXTH REPLENISHMENT OF IFAD'S RESOURCES (Agenda Item 6) (GC 27/L.2 and Add.1)

139. **The CHAIRPERSON** welcomed the news that the Sixth Replenishment of IFAD's resources negotiated at the previous session of the Governing Council had become effective on 17 December 2003.

140. **Mr ROY** (Assistant President, External Affairs Department) said that, as at 17 February 2004, total pledges to the Sixth Replenishment, including complementary contributions, amounted to USD 495.5 million equivalent, or 88.5% of target pledges of USD 560 million equivalent. As at that same date, the aggregate amount of instruments of contribution deposited and payments not supported by instruments of contribution, including complementary contributions, amounted to USD 305.4 million equivalent, or 61.6% of pledges, while payments in cash and promissory notes

amounted to USD 102.4 million equivalent, or 20.7% of pledges. The instruments of contribution of the French Republic had since been received in the amount of USD 23.1 million equivalent, bringing the total of instruments of contribution and payments received to USD 328.5 million equivalent, or 66.3% of pledges. Of the total pledges of USD 495.5 million equivalent received for the Sixth Replenishment, pledges of complementary contributions from Belgium, India, Luxembourg and the United Kingdom amounted to USD 27.4 million equivalent, of which USD 7.2 million equivalent had been paid as at 17 February 2004. Member States which had not made their pledge to the Sixth Replenishment were urged to do so as soon as possible and those which had not deposited their respective instruments of contribution or paid their contribution to the Sixth Replenishment were requested to take the necessary measures at the earliest possible date.

141. The Governing Council took note of the Report on the Sixth Replenishment of IFAD's Resources.

AUDITED FINANCIAL STATEMENTS OF IFAD – 31 DECEMBER 2002 (Agenda Item 7)
(GC 27/L.3 and INF.6)

142. **The CHAIRPERSON** said that the Executive Board had reviewed the Audited Financial Statements for 2002 at its Seventy-Eighth Session, in April 2003, and had recommended that they be submitted to the Governing Council for approval.

143. **Ms KNOFF** (Assistant President, Finance and Administration Department), after drawing attention to the conclusions of the External Auditor's report attached to document GC 27/L.3, said that, as at 31 December 2002, total assets had stood at USD 5.9 billion, representing an increase of USD 0.7 billion from the balance at 31 December 2001. Net investment income for the year 2002 had been USD 26.2 million, compared with the loss of USD 42.9 million in 2001, a positive result which reflected the impact of the new investment policy approved in December 2001.

144. Administrative budget expenses for 2002 had amounted to USD 40.3 million, which was approximately 6.1%, or USD 2.6 million, lower than the approved administrative budget for 2002, principally on account of the reduced level of the programme of work and staff vacant posts. Such expenses excluded the provision for the unfunded liability for after-service medical benefits of USD 7.9 million and the cost of the Strategic Change Programme in the amount of USD 2.7 million. Expenses for the Programme Development Financing Facility (PDFF) had amounted to USD 23.2 million, excluding some USD 3.0 million carried forward, compared with a budget of USD 26.7 million. As at 31 December 2002, 13 countries had had loans with arrears of 180 days or more and were in non-accrual status. Provisions for arrears of contributions from Member States against promissory notes and instruments of contribution had amounted to USD 186.7 million, representing a slight decrease from the prior year.

145. The 2003 Financial Statements were currently being finalized and examined by the External Auditor. For information purposes, highlights of the 2003 figures for IFAD were provided in document GC 27/INF.6. Preliminary results indicated that gross investment income before direct investment expenses in 2003 had amounted to approximately USD 113.5 million, compared with USD 34.4 million restated in 2002, thus reflecting the continued positive impact of the investment policy adopted in December 2001 and representing an average net rate of return on the investment portfolio of some 4.9%. As at 31 December 2003, the market value of the investment portfolio had stood at USD 2.4 billion, compared with USD 2.1 billion in the previous year. Contributions overdue and loan arrears had decreased slightly in comparison with the situation at the end of 2002. The 2003 Financial Statements would be reviewed by the Audit Committee in March and presented to the Executive Board in April.

146. **The CHAIRPERSON** invited the Council to approve the Financial Statements showing the financial position of IFAD as at 31 December 2002 and the results of its operations for the year ended

on that date, as contained in appendices A to H inclusive of document GC 27/L.3 and the Report of the External Auditor thereon.

147. **It was so decided.**

ADMINISTRATIVE BUDGET OF IFAD AND ITS OFFICE OF EVALUATION FOR 2004 (Agenda Item 8) (GC 27/L.4 and Add.1)

148. **The CHAIRPERSON** said that at its Seventy-Eighth Session the Executive Board, held in April 2003, had approved the IFAD Evaluation Policy, which provided inter alia for the budget of the Office of Evaluation to be approved by the Governing Council on the recommendation of the Board. At its Eightieth Session, in December 2003, the Board had reviewed the proposed budgets for the Fund and the Office of Evaluation and had recommended that they should be put before the Governing Council for its approval.

149. **Mr ENWEZE** (Vice-President of IFAD), introducing the Programme of Work and Administrative Budget of IFAD and its Office of Evaluation for 2004 (GC 27/L.4 and Add.1), said that the office's budget was being presented separately for the first time, in accordance with the IFAD Evaluation Policy adopted by the Board at its Seventy-Eighth Session. The Office of Evaluation now formulated its annual work programme and budget independently, with separate submissions to the Board and Council for approval. The Governing Council delegated to the Executive Board approval of the programme of work and the PDFF but retained the authority to approve the administrative budget. At its Eightieth Session the Board had approved the 2004 programme of work, which amounted to SDR 323 million, equivalent to USD 462.5 million, and would cover some 25 planned projects. However, that amount would be reviewed at each Board session in the light of resource availability in 2004. The Board had also approved the PDFF in an amount of USD 29.7 million.

150. The Board had reviewed the IFAD administrative budget for 2004, proposed at a level of USD 51.4 million, and the administrative budget of the Office of Evaluation, proposed at a level of USD 4.2 million. An exchange rate of 0.898 euros to the dollar had been used in the calculation of the IFAD administrative budget. The Board had welcomed the new activity-based budget presentation and had decided that monitoring and reporting for 2004 should be presented in terms both of the traditional categories and of activities. It had further recommended that a submission should be put to the Governing Council for amendment of the IFAD Financial Regulations to authorize a carry-over policy of 3% as from the 2003 budget.

151. The total administrative budget was normally recalculated at the exchange rate prevailing at the time of approval by the Council. The current rate was 0.780 euros to the dollar, as against the rate of 0.898 used for the original budget calculation. As recommended by the Executive Board, the Governing Council was now invited to approve the draft resolution contained in document GC 27/L.4/Add.1 setting the IFAD administrative budget at USD 57.2 million and the administrative budget of the Office of Evaluation at USD 4.6 million.

152. **Mr LAVIZZARI** (Director, Office of Evaluation) said that the approval by the Executive Board at its Eightieth Session of his office's first independent work programme and budget had marked the completion of a process begun in September 2003 when the work programme and budget proposals had been discussed both with the Evaluation Committee and with the Board. In line with the guidance offered by the Board and the Committee, the Office of Evaluation had produced a more comprehensive document, which had then been discussed at a special session of the Evaluation Committee at the end of October. Taking into account the additional suggestions resulting from the informal seminar held by the Executive Board and the Evaluation Committee in November, the Office of Evaluation had submitted its final proposal on its 2004 work programme and budget for consideration by the Executive Board in December.

153. The Office of Evaluation had three main priorities for 2004: the evaluations requested by the Executive Board and the Evaluation Committee and/or contained in the consultation report on the Sixth Replenishment; selected corporate-level evaluations, country programme evaluations, and thematic and project evaluations; and development of the methodology to be applied to all the evaluations. A detailed list of the evaluation work in 2004 was contained in Annex 12 of document GC 27/L.4, but four activities were of great significance for the Executive Board and the Fund. First, the Office of Evaluation would supervise the Independent External Evaluation of IFAD on behalf of the Executive Board; most of the work would be carried out in 2004. Second, the Office of Evaluation would facilitate the review of the Evaluation Committee's terms of reference and rules of procedure with a view to submitting a proposal to the Executive Board before the end of 2004; the Evaluation Committee was to conduct an initial discussion of the topic at its session on 20 February 2004. Third, the second annual report on the results and impact of IFAD operations would consolidate the results of the evaluation of operations in 2003 and provide a synthesis of evaluation findings and insights. Finally, the Office of Evaluation would evaluate the direct supervision pilot programme approved by the Governing Council in 1997, which had important implications for IFAD.

154. The work programme of the Office of Evaluation was designed to be implemented within a budget envelope of USD 4.242 million; the budget was presented in the traditional way by category and expenditure and according to priorities and activities for 2004. The corresponding budget tables were contained in Annex 10 of the document.

155. **Mr SY** (Senegal) said that he would like clarification of the difference between the IFAD work programme and programme development, which appeared as separate chapters. The project portfolio had shrunk to a level of 25 projects for 2004; would the shift in the exchange rate have an impact on the portfolio?

156. **Mr ENWEZE** (Vice-President of IFAD) said that the 2004 work programme was expected to be fully implemented, but it would be reviewed in the course of the year in the light of resource availability. The exchange rate was not expected to affect the number of projects. The calculations were based on the SDR amount, which was constant over the year; exchange rate movements affected only the nominal USD amounts, not the number of projects. If more resources became available, one or two more projects might be undertaken.

157. Resolution 133/XXVII on the Administrative Budget of IFAD and Its Office of Evaluation for 2004 was adopted.

158. **The CHAIRPERSON** noted that by approving the IFAD administrative budget for 2004 the Council had also decided to amend Regulation VI, paragraph 2, of the Financial Regulations by deleting its second sentence, thus allowing for unobligated appropriations at the close of the financial year to be carried forward into the next year up to an amount not exceeding 3% of the said financial year, with effect from the 2003 financial year.

DELEGATION OF AUTHORITY TO ESTABLISH MULTI-DONOR TRUST FUNDS
(Agenda Item 9) (GC 27/L.5)

159. **Mr ROY** (Assistant President, External Affairs Department) said that document GC 27/L.5 contained a recommendation by the Executive Board that the Governing Council should adopt a resolution delegating to the Board its authority to establish multi-donor trust funds. The existing procedure was for the establishment of trust funds to be endorsed by the Board and approved by the Council. Since the approval process needed to be more flexible in order to capture opportunities for development resources, the Council was invited to adopt the draft resolution. Information on all the decisions taken by the Executive Board would be provided to the Governing Council.

160. **Resolution 134/XXVII on the Delegation of Authority to Establish Multi-Donor Trust Funds was adopted.**

161. **The CHAIRPERSON** said that he took it the Governing Council wished to request the President of IFAD to provide it with information on all decisions of the Executive Board to establish multi-donor trust funds.

162. **It was so agreed.**

GENERAL STATEMENTS (Agenda Item 5) (continued)

163. **Mr NUMBERI** (Indonesia) said that the increasing relevance of market and trade for the rural poor, for whom the new trade environment created potential opportunities and challenges, was a crucial issue, particularly in view of the WTO failure at Cancún and the urgent responsibility of attaining the MDGs. Over the years, the international community had adopted various initiatives to tackle such issues, in particular the development of fair trade within the multilateral trading system, and the commitments undertaken in relation to the MDGs.

164. Progress had been achieved in restoring macroeconomic stability and restarting sustainable growth in Indonesia. Nevertheless, 43.8% of the labour force worked in the agricultural sector, which had contributed only 16.5% to total GDP in the third quarter of 2003 and only 4.21% to total exports between January and November 2003, a situation that underlined the importance of cooperation with IFAD. During its 24 years of IFAD membership, his Government's efforts in conjunction with the Fund had produced considerable economic, social, technological and other benefits, particularly in regard to the elimination of hunger and poverty. Aware as it was of the importance of financial resources to the achievement of IFAD's objectives, his Government had honoured its financial commitments to the Fund under successive replenishments.

165. He outlined IFAD's three ongoing development projects in Indonesia and said that negotiations on a fourth were nearing completion. In the current global economic context, IFAD's role in the eradication of rural hunger and poverty was more important than ever, not least because that was the prerequisite for lasting peace and the establishment of a just and more tolerant society. IFAD should be actively engaged in that process, together with a broad spectrum of stakeholders, including the United Nations, the Bretton Woods Institutions, the private sector and civil society. Multilateral and bilateral partnerships should be explored and pursued in order to further strengthen the reach of IFAD's goals. For its part, his Government was committed to making extra efforts with a view to achieving the MDG target of eradicating extreme poverty and hunger by 2015 and in that context it invited the members of IFAD's Executive Board to attend the country programme evaluation national round-table workshop that it was due to host in March.

166. **Mr DOMEQ** (Spain) said that the panel discussion topic of trade and rural development was highly relevant. Improved market access for poor farmers, support to farming enterprises, budget support for rural financing and access to international financial markets were key to driving agricultural progress forward and eradicating rural poverty. Spain was firmly committed to achieving the MDGs and hence helping to reduce the growing divide between North and South responsible for so many of today's international crises. Indeed, during its presidency of the European Union, Spain had been behind the move to set a target percentage of GDP which members should earmark for ODA, and it had been systematically increasing its own ODA. Attainment of the MDGs also called for more substantial cooperation with the middle-income countries in which a large proportion of the world's poor lived. Per capita income was an inadequate indicator of development problems, as it failed to take account, for instance, of vulnerabilities such as inequalities in income distribution and hence pockets of poverty that subsisted in the middle-income countries. In the interest of fulfilling its mandate and combating poverty wherever it existed, IFAD should ensure that the new PBAS allowed for an adequate flow of resources to the rural poor in the middle-income countries.

167. Aware as it was of the need for IFAD to enjoy an adequate resource base for its activities, Spain had pledged to increase its contribution to the Sixth Replenishment by 25% and had paid the amount in full in October 2003; it urged all Member States to pay their contributions promptly. However, prudent management of resources was needed. The results of the investment portfolio management strategy were welcome, but it should be pursued in such a manner as to reduce risk and avoid losses while achieving the largest possible profits. Further steps should be taken to improve the management of expenditure to ensure a greater impact by IFAD on rural poverty. Spain looked forward to the results of the Independent External Evaluation as a means of measuring impact and enabling the Fund to develop new policies on the basis of lessons learned and its comparative advantage among development agencies.

168. The Field Presence Pilot Programme should enable IFAD to intervene more actively in designing national PRSPs and move from being an organization devoted to the micromanagement of projects to one that managed knowledge in the rural development area, with the capacity to support its policy proposals financially. Spain continued to urge caution in the transition to the new PBAS and would not accept a decrease in funds directed towards regions that had a smaller percentage participation in IFAD's resourcing. A country's income might have an influence on the degree of concessionality of loans but should in no way affect the flow of resources available to that country or geographical area. That did not imply that assistance should be denied to the least developed countries, but rather that it should not be granted exclusively to them.

169. There should be greater ownership by countries of activities intended for their own development, with local populations participating more actively in the design and implementation of IFAD policies and projects. At the same time, it was important to increase countries' and regions' sense of ownership of IFAD itself by ensuring more equitable geographical representation in working groups and discussion processes, in committees of the Board, in IFAD's technical and management operations, and likewise in the sub-contracting of consultant and expert services. In conclusion, he said that the forthcoming period should be one of consolidation of the reforms undertaken.

170. **Mr BELLO** (Nigeria) said that IFAD must maintain its unique focus and the core thrust of its mission and mandate, maximize its comparative advantages, and fine-tune its operational strategies to combat rural poverty and promote rural development. It was in that context that Nigeria fully supported IFAD's reform processes at corporate and field operational levels. His country considered that the issue of field presence and in-country capacity had been on the table for too long, and it was necessary to make a start. Nigeria hoped that the Field Presence Pilot Programme would provide convincing justification for its incorporation as an IFAD operational model. Some arrangement was necessary to enable IFAD to participate much more closely in discussion with its partners of core policy issues that had an impact on rural poverty reduction and rural development at country level. Sharing experience at country level in the field, formally and informally, was crucial to IFAD's influence on national policies.

171. While endorsing the PBAS, Nigeria cautioned that nothing should be done to compromise IFAD's mission, mandate and unique focus; that the plight of the poorest of the poor should not be worsened by the process; that the present regional allocation should remain largely unchanged; that the system should not be allowed to degenerate into a punitive instrument; and that the procedure should be relatively simple and devoid of the complexities of similar schemes operated by much larger multilateral financial institutions with a broader clientele. Nigeria welcomed the Independent External Evaluation process and looked forward to the assessment of the reforms being undertaken with a view to increased operational effectiveness and more sustainable impact of IFAD's operations.

172. Nigeria's Government had made poverty alleviation a major plank of its economic policy and a number of structural reforms had been put in place. It had further take various legal and administrative steps to create a social and political environment conducive to the revival of the economy and hence the reduction of poverty. IFAD was to be commended for its support to those efforts.

173. **Mr BENAÏSSA** (Algeria) commended the measures taken to rationalize the Fund's administrative and budgetary management, welcomed the new investment policy and called for continued prudent management of financial resources and avoidance of risky investments. He also welcomed the proposal to raise the level of resources earmarked for grants from 7% to 10%. Algeria had deposited its Instruments of Contribution to the Sixth Replenishment, which showed that its contribution had doubled. It also applauded the initiative on independent project and follow-up evaluation.

174. IFAD was to be commended for its support for the rural components of NEPAD and its participation in the NEPAD secretariat support group. At its Twenty-Fifth Session the Governing Council had itself urged increased commitment to agriculture and rural development in Africa. Furthermore, the Heads of State of the African Union had agreed in July 2003 on a preliminary commitment by all African countries to allocate 10% of their domestic budgets to agricultural development, and were about to meet again to discuss agricultural development and water resources, thus giving a strong message on the need to create the conditions for harmonious and sustainable development in Africa and combat poverty and social exclusion. All those moves constituted pointers for the allocation of IFAD resources.

175. Since 2000 Algeria had been implementing a major agricultural development plan, including the creation of jobs, an increase in the area of land available for farming, and the upgrading of farms. It was thus working to reinforce social cohesion and fight poverty, improve food security, protect the environment, develop land, improve the national and international competitiveness of rural areas, and devise new modes of land government and development. Algeria's long-term strategy was based on such principles as sustainable rural development, institutional solidarity and environmental conservation, together with economic viability, and involved participatory processes and decentralization, with emphasis on locally-based projects and hence social acceptability. It took into account the need to reach out to all rural households, secure a synergy between social and economic development and a proper balance between urban and rural areas, preserve the renewal capacities of natural and human resources, and make optimum use of local resources. A number of research, monitoring and evaluation tools had been devised in support of those programmes, the ultimate aim being to create the basic conditions for ensuring social cohesion and avoiding the exclusion of the rural population from the mainstream of development.

176. **Mr ESTRADA** (Guatemala) said that he fully supported the statement on behalf of GRULAC. It was worrying in that connection that the proposed work programme and budget would result in a 15% decline in the funding of programmes. Guatemala had benefited in the recent past from a number of IFAD projects and loans, which had been executed with success and transparency. There were currently three projects in operation and they constituted a real tool for achieving the main objective of the new Government: the eradication of poverty and hunger, with special attention to rural areas where most of the population lived – on less than a dollar a day. Hence Guatemala's concern about the possible reduction in the funding for such projects –and the diversion of the Fund's resources to regulatory measures – as they were the sole means of eradicating poverty and hunger from the world. Guatemala agreed with Spain that the allocation of resources should be based on vulnerability indicators, for all developing countries had clearly identified pockets of poverty.

177. Guatemala had fulfilled its commitment under the Fifth Replenishment and had made significant progress with regard to the Sixth Replenishment, moves which demonstrated its sense of shared responsibility with other States. It was important for all countries to pay their contributions and thus strengthen IFAD and its ability to achieve its purposes, recently reconfirmed at the World Food Summit: five years later, and in Monterrey and Johannesburg. Guatemala appreciated the work done under the United Nations Convention to Combat Desertification, which was of vital importance in the light of the threats posed by climate change.

178. The information provided about the negotiations on the PBAS was of great interest, and Guatemala would monitor its practical impact as a tool for improving the discharge of the IFAD mandate. It hoped that the dialogue would continue and looked forward to an assessment of developments in the near future.

179. **Mr JEGHAM** (Tunisia) said that the attainment of the MDGs, in particular the target of eradicating extreme poverty and hunger by 2015, was still a long way off. Many countries of the South continued to endure worsening economic conditions that exacerbated poverty. The rich and industrialized countries should therefore increase their support to development projects and provide more assistance in response to current circumstances. In that context, the Tunisian President had called for the establishment of a World Solidarity Fund as far back as 1998 with a view to alleviating poverty and integrating the world's most vulnerable regions into the global economy. He hoped that the international community would soon provide the mechanisms needed to embody that initiative, which was based on his country's own pioneering experience.

180. The new Tunisia had devoted particular attention to rural development and the effective participation of women in development. It had established programmes and mechanisms aimed at the economic integration of special needs groups and at better living conditions, with positive results. In particular, the poverty rate had fallen from 22% in 1975 to 4% in 2002. Over the previous decade, its agricultural policy had focused on the development of vital areas of concern, including research, investment, loans and the controlled use of natural resources, with particular emphasis on small and medium-sized farming operations. Rural living conditions had also improved; a very high percentage of households now had access to fresh water and to the road network. In that regard, he paid tribute to IFAD's ongoing support, which had enabled Tunisia to implement ground-breaking projects with a view to integrated rural development and natural resources conservation. The final evaluation studies having proved the worth of such projects, he hoped that IFAD would continue providing that support.

181. He commended IFAD's effort to develop its programme of work, reduce its administrative budget and diversify investments, despite the instability of the international financial markets and fluctuating investment yields. He also commended the Fund's efforts under the Debt Initiative and renewed his appeal for donor countries to lend it their support.

182. **The meeting rose at 19.05 hours.**

- (iii) Summary Record of the Third Meeting of the Twenty-Seventh Session held on Thursday, 19 February 2004, at 9.30 hours

CHAIRPERSON: NOBUKO MATSUBARA (JAPAN)

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183. The meeting was called to order at 09.45 hours.

GENERAL STATEMENTS (Agenda Item 5) (continued)

184. **Mr SY** (Senegal) said that the new Country Strategic Opportunities Paper (COSOP) adopted in Dakar marked a new era of cooperation. It was an original strategy in that it had been drafted in a spirit of partnership in the context of a long-term vision of Senegal contained in draft farming, forestry and livestock breeding legislation, which focused inter alia on water supply, production diversification, soil regeneration, training of small farmers and land management reforms. It would be implemented through a national agricultural development programme currently being drafted with the support of the Food and Agriculture Organization of the United Nations (FAO). Senegal had also established a Soils Institute which worked as directly as possible with small farmers to enable them to increase their productivity.

185. The shared objective of Senegal and IFAD was to contribute to the attainment of the MDGs, in particular to reduce or eradicate poverty by carrying out and supporting local initiatives to increase and diversify the incomes of the poorest rural dwellers, enhance the quality of life in rural areas, and promote equality between men and women and between town and countryside. Senegal was happy to host the regional multi-donor platform on rural development policy and food security and the FIDAFRIQUE network, an internet-based network of organizations and projects dedicated to fighting rural poverty in western and central Africa. Senegal's support of IFAD, which would continue in the future, was the fruit of a long collaboration whose results demonstrated that such an approach could banish the scourges of poverty and food insecurity. That support would be enhanced in a framework of partnership to take up the challenges of the development of the rural poor in the face of harsh competition. Senegal would accordingly maintain its contribution at the same level for the Sixth Replenishment. He was sure that IFAD would continue to help develop the country's capacity to supply quality agricultural products to compete fairly in world trade, making the most of its comparative advantages.

186. **Ms DAMBENZET** (Congo) said that, although the livelihoods of 900 million people in the world depended on farming, the rural sector did not receive due attention or resources. Strategies must therefore be reviewed if hunger and poverty were to be reduced. The Member States of the African Union had accordingly decided to allocate 10% of their budgets to agriculture for the next five years. The persistence of rural hunger and poverty in a rich world created rifts which threatened the interdependence at the heart of globalization. Measures could be effective only if matched by international solidarity and appropriate aid. Against that background, it was unfortunate that the flow of IFAD assistance had been interrupted by her country's social and political difficulties and inability to pay its debt. Despite its limited resources, The Congo had paid arrears of 2 billion CFA francs in 2003 so as to be able to continue its cooperation with IFAD, which was now working on a new project to relaunch rural development. The Government was currently implementing, with aid from FAO and the Republic of Viet Nam, a special programme for food security. In addition, a new agriculture support fund was to be allocated 10% of the investment budget. A new national transport plan and special legislation on land ownership had also been introduced.

187. Agriculture, livestock breeding and fisheries were being revitalized through new policies and strategies, including a gender dimension, for the period 2004-2013. While the state would no longer be directly involved in agricultural production and marketing, it would play its regulatory role in stimulating agricultural development. Those strategies, with the restoration of peace, would create the conditions for stabilizing the rural population, improving living conditions and enhancing food security. Women, who accounted for 60-80% of farm workers, occupied a prominent place in the development plans. The strategies further incorporated action to combat HIV/AIDS and she hoped that IFAD would itself give all due attention to that devastating pandemic.

188. She was happy to announce her country's contribution of USD 300 000 to the Sixth Replenishment.

189. **Mr BEG** (Pakistan) said that his country remained essentially an agrarian economy, with high levels of poverty, especially in rural areas. Its reform programme – shifting to market forces, with a rollback of subsidies, lowering of tariffs and trade barriers and emphasis on fiscal discipline – had not been pain-free, especially for the rural poor. The situation had been exacerbated by the international trading order where domestic support, export subsidies and high tariffs still prevailed. Pakistan had opened its markets but how were countries such as his to go up the value chain when faced with tariff escalations in their major existing and potential markets?

190. In that context, IFAD's assistance was even more crucial. The decline in the size of IFAD's programme in Pakistan needed to be reversed. Economic indicators alone did not reflect the distortions and disparities within an economy, and strict application of that system in respect of future IFAD investments would adversely affect the poor. Pakistan urged IFAD to adopt an equitable geographical representation system for appointments to staff posts, like other United Nations agencies.

191. Pakistan endorsed the Executive Board's recommendations regarding the programme of work for 2004, welcomed the progress reported in respect of the Sixth Replenishment and reaffirmed that it would be maintaining its contribution at the same level as for the Fifth Replenishment. Pakistan urged caution in applying the PBAS so that deprived regions within apparently sound economies did not lose much-needed assistance merely because of performance failure that was due to reasons beyond their control. IFAD's action in pursuance of the Debt Initiative and its programmes in relation to the International Land Coalition needed to be levered not only for poverty mitigation activities but also for local capacity-building so as to help improve performance and the implementation of development initiatives.

192. Outlining Pakistan's poverty reduction strategy, which included social and economic development, governance reforms, income generation, empowerment of the poor, especially women, equal opportunities, food support and microcredit facilities, he said that the comity of nations must agree to work on a principle of give and take, and the developed countries must commit themselves to supporting the less advantaged and developing countries by allowing the liberal transfer of technology, relief programmes for debt reduction and greater and more genuine access for their agricultural products.

193. **Mr DÉDÉ** (Central African Republic) expressed regret that the political and military conflicts and crises that had ravaged his country's economy between April 1996 and March 2003 had meant that it had been impossible to consolidate the benefits from IFAD programmes and projects or meet the financial obligations for reimbursement of IFAD loans. Crops had been destroyed and agricultural production capacity reduced. Agricultural research centres and seed centres had been pillaged. Peasant farmers had had to abandon their crops, and there was a lack of seed stock for the following year. Fisheries and livestock breeding had similarly suffered. There was a serious risk of malnutrition and disease.

194. The country's recovery depended on the recovery of its agriculture, which was why he was making a distress call to the international community, and in particular IFAD, for rapid action to support that recovery in a sustainable manner. What was most urgently needed was a programme for the recovery and reconstruction of the national seed system and agricultural research, as well as aid for agricultural inputs and equipment for the areas most affected by the conflicts. The Central African Republic was once again counting on IFAD's assistance in implementing programmes that would contribute to sustainable rural development and food security.

195. **Ms KIM** (D.P.R. Korea) said that the time had come for IFAD Member States to hasten rural development and reduce poverty. Her country had brought about a revolution in potato farming and had developed double crop farming with the focus on reforming methods for the provision of seeds. Much was being done to improve the material and technical infrastructure needed in the countryside, and work was proceeding on a large-scale waterways project. IFAD's loan assistance was improving the lives of the country's farmers.

196. In order to reduce poverty in the world every Member State should give priority to establishing an agricultural development policy and increase public investment in agriculture, and international development assistance for those purposes must be channelled into the developing countries. As well as meeting their commitment to allocate 0.7% of GNP as ODA the developed countries should increase their assistance to rural and agricultural development. Furthermore, the international negotiations on trade in agricultural commodities should seek to improve developing countries' productivity and access to markets. To reach the MDGs all states must forge cooperative relations with IFAD so as to reduce rural poverty within the specific situation of each country and region.

197. Her country supported the Programme of Work and Administrative Budget for 2004 and would continue to pursue rural and agricultural development and improved relations with IFAD.

198. **Mr AL-HERBISH** (Observer for the Organization of the Petroleum Exporting Countries Fund for International Development - OPEC Fund) said that the OPEC Fund allocated almost 80% of its financing to the lower-income countries, and its commitment to the eradication of poverty was absolute. Agriculture was the mainstay of the economies of the countries in which the OPEC Fund operated. To date, the OPEC Fund had cofinanced some 52 IFAD projects, in an amount close to USD 220 million, and its sister institutions, the Arab Fund for Economic and Social Development and the Islamic Development Bank, had contributed well over USD 300 million; the OPEC Fund was the third-largest contributor to IFAD projects, as well as being a leading bilateral donor.

199. The development of agriculture in isolation from other sectors was difficult: there could be no agriculture, even at a subsistence level, without the necessary inputs and no productive agriculture without energy, mechanical power and incentives to produce. Access to markets and credit often marked the divide between profitable and survival agriculture. Everyone must contribute to the undertaking, but the lead could come only from the beneficiary countries: central governments must establish the legal and economic environment; local authorities must assume greater responsibility; and civil society must advocate pro-poor policies. Rural development must take a central place in programmes and strategies for poverty reduction. Meanwhile, financial institutions recognized that investment programmes were too often determined by the priorities of the donors rather than those of the recipients. If the recipients were to occupy "the driver's seat", they must be given fuel for their engines.

200. Food insecurity and other problems would clearly remain in the world for some time, but the OPEC Fund remained optimistic. The resources, know-how and goodwill were there, but they must be turned into action plans. In that connection, the OPEC Fund had been pursuing a four-pillar strategy which would have a direct impact on agriculture and on general economic growth. The OPEC Fund's optimism was demonstrated by its disbursement of 75% of a total commitment of close to USD 4.9 billion. It kept its overhead costs low and participated in projects devised by IFAD itself. It realized that more funds and close cooperation remained necessary. Its new programmes would show an even more committed OPEC Fund which still counted on IFAD help. At their summit meeting in Caracas in September 2000 the heads of state of the member countries of OPEC had resolved that economic and social development and poverty eradication should be the overriding global priority, which should be pursued through individual aid programmes and through IFAD and the OPEC Fund.

201. **The meeting rose at 10.35 hours.**

- (iv) Summary Record of the Fourth Meeting of the Twenty-Seventh Session held on Thursday, 19 February 2004, at 15.00 hours

CHAIRPERSONS: NURI IBRAHIM HASAN (LIBYAN ARAB JAMAHIRIYA)

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202. **The meeting was called to order at 15.20 hours.**

GENERAL STATEMENTS (Agenda Item 5) (continued)

203. **Mr SAFAR** (Syria) said that IFAD had worked very effectively with local communities, governments and others at the regional and international levels to implement successful development projects in the poorest regions. Despite difficult financial circumstances, it had enhanced its performance and expanded its activities, thanks to its sound planning and follow-up. Its projects were a model of international cooperation and a factor of economic and social stability in the target areas.

204. In its own development programmes, his Government had prioritized the agricultural sector, with particular emphasis on such matters as integrated rural development and the role of women in development. Its participatory approach of involving the target population of rural inhabitants and funding organizations, including IFAD, the World Bank and the Arab Fund for Economic and Social Development, had greatly contributed to the success of its projects to develop non-arable land into productive areas that provided farmers with a decent living. Nevertheless, much remained to be done to increase agricultural production, reduce costs, improve market performance and lift farmers out of poverty.

205. Syria was working hard to achieve those objectives and to liberate the occupied territories in the Golan and southern Lebanon in accordance with the relevant Security Council resolutions, thereby restoring the rights usurped since 1967, as a result of which many of the resources needed by Syria for its development were being exhausted. Syria sought a just and lasting peace, yet there would be no security, peace or development for as long as the occupation continued. Syria looked forward to strengthening its cooperation with IFAD, and thanked all the institutions and organizations that cooperated with developing countries such as his own to improve the lot of poor farmers. It also thanked the Italian Government for its assistance to IFAD and to all regional and international rural development organizations.

206. **Mr KHANIRI** (Kenya) said that IFAD's role was to map the way forward in improving the welfare and food security of vulnerable communities in particular. In that regard Africa faced the biggest challenges of all; the Horn of Africa was the world's most food-insecure region, for example, and millions of Africans were dependent on food relief. Natural disasters were among the major causes of those challenges and, together with man-made and other factors, led to a vicious cycle of poverty.

207. With the help of IFAD-provided loans and grants, Kenya's poverty reduction strategies had achieved considerable success. Such strategies included the provision of irrigation and water in order to boost crop production, the promotion of traditional drought-resistant food crops; environmental protection and conservation to ensure sustainable production; and the empowerment of local community-based groups. The IFAD-supported projects were expected to increase food security by exploiting marginal areas and reaching vulnerable groups.

208. Despite IFAD's commendable role, however, the challenges of meeting the MDGs remained mammoth. With a view to enhancing food security, Kenya was therefore implementing its own special programmes and NEPAD's Comprehensive Africa Agriculture Development Programme. It was also increasing regional cooperation, harmonizing sanitary and phytosanitary issues, controlling transboundary pests and diseases and removing regional tariff barriers, in which connection he called on development partners to provide the necessary support. For its part, his Government had already paid its pledged contribution to IFAD, amounting to USD 60 000.

209. **Mr NGEDUP** (Bhutan) said that his country had a unique development philosophy known as gross national contentment, the primary component of which was access to sufficient food. In Bhutan, such access posed challenges insofar as 79% of the population were subsistence farmers having to eke

out a living on the only arable land available, which represented a mere 7.5% of the total land area and translated into less than two hectares per farm holding. Food self-sufficiency had not therefore been achieved.

210. Bhutan imported 50% of its rice, which was its people's staple diet. The country was meeting such challenges through what it called the 'Triple Gem' approach: the first gem was enhancing production, the second accessibility and the third the market. The three gems would always be packaged together and never delinked. In some countries it was the soil that fed the man, but in most parts of Bhutan it was the reverse, and one of his country's priorities was to strengthen its human resources and institutions. Bhutan wanted to explore niche markets so that the little it could produce could be value-added. Bhutan was legally bound to keep 60% of its land mass under forest coverage, so there was little land left to develop. Bhutan urged IFAD to assist, more particularly, in developing agricultural trade and enterprises in the remote eastern part of the country, where such a project would make a very big difference to the lives of communities that were disadvantaged and poor.

211. **Mr JÄGER** (Austria), appealing to those donors that had not yet made their financial contributions to IFAD to do so, said that Austria fully supported the PBAS as a way of rewarding recipients demonstrating a commitment to govern justly, invest in their people and encourage economic freedom, and expected IFAD to begin implementing the system as scheduled. The Field Presence Pilot Programme would bring IFAD closer to the needs and aspirations of its recipients, increase feedback and help improve project design and development. Optimum use should be made of it, notably through IFAD's involvement in the PRSP process in close dialogue with the stakeholders in the countries of operation. It was encouraging to note that investment income was once again showing positive results, as a consequence of the impact of the new investment policy and a significant recovery in the capital markets. That recovery, however, should not lead to a softening of the approved conservative investment policy, which allowed for only a very limited amount of equity investments.

212. As to the Programme of Work and Administrative Budget of IFAD for 2004, Austria supported the maintenance of an annual financing level of approximately USD 450 million. Limited as it was to some 25 projects, the Fund would have to apply convincing criteria for the targeting of its programme, with a country's performance and governance being accorded decisive weight. Austria also supported the proposed figure for the administrative budget for 2004. The findings of the Independent External Evaluation should facilitate the fine-tuning of the Fund's programmes.

213. The session's theme of "Trade and Rural Development: Opportunities and Challenges of the Rural Poor" was an important one. Trade capacity building was crucial for developing countries and the rural poor, and all market partners should make appropriate efforts to that end. The creation of export- and import-friendly frameworks in developing countries must be encouraged and supported by the development agencies. IFAD's role would be to help to empower the smallholders and rural poor to develop market skills in order to become market partners with a voice and bargaining power so that they could engage in a mutually beneficial way with larger-scale private-sector entities in the marketing and processing chain.

214. **Mr MANKAD** (India) said that the theme of the session's interactive discussion provided an important opportunity to take the debate on international cooperation in world trade forward for the benefit of the poor. Poverty alleviation efforts in India focused on providing access to resources, introducing appropriate technologies and best practices, facilitating access to markets and undertaking infrastructure projects. In order to enhance access by the rural poor to markets and to eliminate bottlenecks in agricultural marketing and trade, a model act on agricultural marketing had been formulated. A bank-financed scheme was being implemented for the construction of rural warehouses by individuals, groups of farmers and cooperatives. More than 700 markets had been connected via the Internet to facilitate the speedy collection and dissemination of weather- and price-related

information, and a 24-hour helpline had been launched for farmers seeking technical advice and support.

215. Among the steps taken to provide affordable credit to the rural poor was the action taken to reduce the interest rate for crop loans by public-sector banks, render collateral security proportionate to loan value and revitalize cooperative credit. A novel scheme for farm-income insurance had been introduced and an agricultural credit fund created. As a result, poverty had declined sharply, and India was set to meet the MDG of halving poverty by 2015. The decline in ODA to the rural sector was a matter of serious concern.

216. IFAD was unique in that some 20% of its resources were raised from developing countries, which had a significant role in policy-making. That role should be strengthened with respect both to staffing and to the Executive Board. Although small in size, the IFAD projects in India had a significant impact and provided models for development planning. India would welcome visits by IFAD Directors to field projects. IFAD was expected to be a significant partner in India's continuing endeavour to fight poverty and hunger.

217. **Mr CHOWDHURY** (Bangladesh) said that nearly 60% of his country's labour force worked in agriculture and that, despite vulnerability to natural disasters and land degradation, the goal of near self-sufficiency in rice production had been achieved. Increased productivity in rice production had, however, failed to create higher incomes owing inter alia to relatively lower paddy prices. The quantitative impact of agricultural growth on rural poverty reduction would depend on diversification into high-value-added crops and non-crop farming and on success in involving poor rural producers in high-value-added non-farm activities. Access to markets and the level of commodity prices were of critical importance in that regard. His Government accorded highest priority to the farm sector and had formulated a national rural development policy which emphasized the creation of an effective decentralized decision-making framework.

218. The global system of production and trade was increasingly affecting the prospects of the rural poor, and unless it was structured to create opportunities for them there was little hope of achieving the MDGs, which would require increased ODA and a poverty-conscious revision of the international trade system. Least developed countries needed to diversify production with greater emphasis on added value and health and other standards, but many could not cope with such a challenge and must be assisted if globalization was to facilitate equitable development. Cancún and WTO had not delivered on their promises. Since low-income countries generally adopted an export-led development strategy, their needs must be placed at the heart of the WTO agenda. The WTO talks must be redirected towards establishing a development-oriented trading system which would empower countries to accelerate their growth.

219. The most potent means of poverty alleviation was to provide the poor with access to physical, social and financial resources, effective markets and stronger institutions. IFAD had already articulated that point in its Strategic Framework 2002-2006. It should continue its efforts, in particular through programmes to reduce poverty and raise awareness and the provision of additional resources to rural areas on concessionary terms. His Government saw IFAD as one of its closest partners in the fight against poverty.

220. **Mr MISIKA** (Namibia), stressing the urgent need for concerted efforts to improve the plight of the world's poor, said that Namibia's most serious development challenge was that of inequality in income distribution: because of its per capita income it was classified as middle-income, but in fact it was one of the most inegalitarian countries in the world, with a Gini coefficient of 0.7, to which should be added an unemployment rate of 34%. Furthermore, nearly 20% of its adult population suffered from HIV/AIDS and there was a lack of qualified people to translate development policies into action.

221. Namibia had recently developed a vision or road map of what it hoped to have achieved by 2030. Among its objectives was for the agricultural sector to contribute at least 25% to the country's economic growth. Rural poverty was being tackled from two angles: creating access to economic resources, particularly land and water, and ensuring access to education, health and other services. Commendable advances had been made, but further progress depended on economic development or external support. The Government had set in place a comprehensive land redistribution programme comprising an affirmative action plan subsidizing farmers thus allowing them access to take out loans to buy land; a scheme whereby the Government purchased land from commercial farmers to resettle the landless and developed under-utilized land; reform of the land tenure system; and a capacity-building scheme for resettled farmers. The programme required capital investment and Namibia might need international assistance but faced several problems in that connection. As a middle-income country it did not normally qualify for soft loans. Moreover, loans had to be repaid in international currencies, at very unfavourable exchange rates. Lenders and borrowers should find a compromise involving borrowing in local or regional currencies.

222. The current global trade imbalance hampered progress towards rural development. Accordingly, Namibia called for a renewed political will from all partners in the stalled trade negotiations to bring them back on track and ensure that any new multilateral agreement on agriculture was development-oriented. The alternative was a situation in which the law of the jungle prevailed, and that was an outcome Namibia did not wish to see.

223. **Ms MOUSA** (Egypt) said that her country had always been extremely appreciative of IFAD's efforts to develop agriculture and reduce poverty. It particularly appreciated the projects which IFAD had implemented in conjunction with the Egyptian Ministry of Agriculture to reclaim land, create new rural communities and develop Egypt's desert regions, as well as its human and natural resources. Egypt had also implemented its own agricultural development strategy which had already borne fruit; over 2 million new *feddans* of arable land had been created through land reclamation, and seed production had more than doubled since 1982 to its current level of 20 million tonnes a year. Egyptian farmers had moreover increased their production of high-value cash crops for export, in which regard they enjoyed a competitive advantage. Egypt was now implementing a new strategy that would continue until 2017 and intended to increase the average agricultural production rate to 2.1% annually by, inter alia, expanding both horizontally and vertically, rationalizing water use by employing modern irrigation techniques, supporting agriculture-related institutions and promoting the role of women in agricultural and rural development.

224. The NEPAD initiative required the full support of the international community for the efforts to develop Africa's neediest regions. African countries were currently attempting to draft national projects that were financeable, and in that connection Egypt welcomed the Fund's initiative to cooperate with NEPAD by contributing its expertise. The changing world climate posed greater challenges for rural development in all developing countries, most particularly those in Africa. In order to meet those challenges, it was essential that they should have further opportunities, which would become available only as a result of ongoing development efforts and the effective participation of all actors aimed at ensuring that those countries achieved sustainable development. In order to counteract poverty and hunger, it was therefore vital to remove the obstacles to that goal, as well as open up markets to the developing countries and provide fair opportunities for their products.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE PERFORMANCE-BASED ALLOCATION SYSTEM (Agenda Item 10) (GC 27/L.6)

225. **Mr ENWEZE** (Vice-President of IFAD) recalled that the Governing Council had decided to establish an explicit and transparent system – the Performance-Based Allocation System – for allocating IFAD core programme resources to developing member countries. It had also delegated to the Executive Board authority to develop and approve the PBAS. The system had been designed through broad participation within IFAD and intensive consultation with the Board. At its Seventy-

Ninth Session, in September 2003, the Executive Board had approved the PBAS structure and operations. In so doing, the Board had decided that IFAD would review, within the proposed indicators, the descriptive text of the guidelines for assessment of the rural development sector framework in order to ensure that they were consistent with approved IFAD policies and its experience of the impact of institutional and policy factors on sustainable poverty reduction. At its Eightieth Session, in December 2003, the Executive Board had approved the report on that review.

226. Three key criteria would be taken into account in the allocation of IFAD resources to countries: per capita income, population, and relative performance in establishing a framework conducive to sustainable rural development. This last criterion was grouped at three levels: macroeconomic and sectoral framework for sustainable national poverty reduction for highly concessional borrowers only; sectoral framework specifically for rural development; and portfolio-level implementation factors.

227. Country performance assessments would be made in 2004 to allow the application of the PBAS in the 2005 programme of work to be considered by the Executive Board in September 2004; the programme of work to be approved by the Board in December 2004 for activities in 2005 would involve the application of the PBAS within a framework of unchanged regional allocations. The President of IFAD would then report to the Executive Board in September 2005 on experience of the implementation of the PBAS and propose options for its further development, including monitoring by the Board. The draft 2006 programme of work would reflect experience of applying the PBAS within the reallocations system. The PBAS was to be extended across the whole lending programme, reflecting priorities in the regional distribution of assistance and maintaining at least the two-thirds proportion of highly concessional borrowers. An information paper on its implementation would also be submitted annually to the Governing Council

228. A start had been made on planning the PBAS processes. The whole system would evolve continually in the light of experience, but an operational system would be created to translate the design principles into mechanisms for producing concrete performance assessments and allocations by September and December 2004, both of which would be reviewed by the Executive Board. As of now, progress could be reported in four areas. First, an internal PBAS management structure with clearly delineated functions had been established. Second, draft internal process designs were ready for review by senior management. Third, guidelines for the portfolio assessments had already been approved by the Board, and draft guidelines for the rural sector performance assessments were ready for review by senior management. Fourth, measures were being taken for an early start of the benchmarking exercise in March and April. The benchmarks would allow the guidelines and processes to be finalized and offer pointers for the full roll-out of country performance assessments in May and June, in time for the report to the Executive Board at its September 2004 session.

229. The Governing Council took note of the Progress Report on the Implementation of the Performance-Based Allocation System contained in document GC 27/L.6.

PROGRESS REPORT ON THE PROCESS RE-ENGINEERING PROGRAMME (STRATEGIC CHANGE PROGRAMME) (Agenda Item 11) (GC 27/L.7)

230. **Mr ENWEZE** (Vice-President of IFAD) said that the current phase of the Strategic Change Programme (SCP) was intended to streamline administrative processes and eliminate as much manual work as possible, supported by the integrated commercial software package, PeopleSoft. SCP achievements in 2003 included successful Go-Lives in April and July 2003. The April 2003 Go-Live had included implementation of the PeopleSoft modules and new processes for accounting and procurement. The July 2003 Go-Live had seen implementation of the travel and expenses module, as well as contributions data management. Other notable achievements had included the design and implementation of the technical infrastructure and support structure to run the new modules and the training of the staff concerned.

231. However, along with the successes, a number of problems had arisen that had caused the postponement of the proposed Go-Lives for the remaining modules and processes for human resources, payroll, loans and grants, budgeting and cash management. Consequently, in September 2003 there had been a stocktaking exercise with the implementation partner followed by a quality assurance review in November-December 2003, following which it had become clear that the SCP needed to be recalibrated in order to be better able to properly deliver a quality product within a more realistic time-frame. Consequently, the time-frame for completing that phase of the SCP, except for loans and grants, had been modified, and completion was expected by the middle of 2004. In addition to continuing discussions with the implementation partners, progress was being made on the human resources, payroll, budgeting and cash management, and loans and grants modules, and it was still expected that the current phase of the SCP would be accomplished within the existing budget.

232. The Governing Council took note of the Progress Report on the Process Re-Engineering Programme (Strategic Change Programme), contained in document GC 27/L.7, and the update provided by the Vice-President of IFAD.

REPORT ON THE LESSONS LEARNED BY THE INTERNATIONAL LAND COALITION
(Agenda Item 12) (GC 27/L.8)

233. **Mr MOORE** (Coordinator, International Land Coalition), introducing key aspects of the report, said that the Coalition's comparative advantage was its diverse membership which provided opportunity, influence and synergy with intergovernmental, civil society and governmental organizations. It had become known for its impartial convening capacity, which was central to the search for appropriate strategies within countries and at international level. It was currently involved in 45 community-based projects, five women's resource access projects, four Land Alliances for National Development, and a range of advocacy and policy development projects.

234. The Coalition had built a strong alliance of diverse actors around the sensitive issue of land by investing efforts in developing common understandings among its members, by merging the interest and participation of its diverse membership into each activity – thus demonstrating that working together works – and by strengthening its own coordinating capacity, governance and cross-institutional relationships. It had been learned that progress was directly attributable to creating opportunities for dialogue, fostering joint actions among all stakeholders, exchanging best practices and tailoring approaches to the context of each country and community. The key lesson that had been learned was the need for an impartial and trusted convener. That was the value added by the work of the Coalition.

235. The Governing Council took note of the Report on the Lessons Learned by the International Land Coalition contained in document GC 27/L.8.

PROGRESS REPORT ON THE GLOBAL MECHANISM OF THE UNITED NATIONS
CONVENTION TO COMBAT DESERTIFICATION (Agenda Item 13) (GC 27/L.9)

236. **Mr RYDEN** (Managing Director, Global Mechanism), introducing the report, said that the most significant developments in recent months had been the evaluations that had been undertaken of the Global Mechanism, the Sixth Session of the Conference of the Parties (COP.6), in August-September 2003, and the finalization of the Global Mechanism's business plan. The evaluation recommendations were addressed also to developed and developing country Parties to the United Nations Convention to Combat Desertification (CCD) and to the Facilitation Committee (FC). The report highlighted the fact that the Global Mechanism and the Convention as such had been operating in a context of stagnating ODA and lack of commitment to the Convention by developed country Parties to it. The recommendation now was that the Global Mechanism should shift its focus away from the demand side, i.e. supporting developing country Parties in formulating their national action plans towards activities that would result more directly in increases in money flow and should

diversify and expand its outreach beyond traditional ODA. The Global Mechanism's operational strategy had been endorsed by COP.6, which had also requested that, in line with the evaluation recommendations, it foster the supply side of bilateral and multilateral finance and partnership building for CCD implementation.

237. The Global Mechanism had accepted the recommendations and findings, but noted that the recommendations addressed to other important partners in the CCD process must be heeded if the Global Mechanism was to be able to focus on the supply side and there was to be a significant transition from planning to action in CCD implementation. The FC was urged to enhance collaboration with and support to the Global Mechanism, and developed country Parties were encouraged to liaise more proactively with the Global Mechanism on the channelling of bilateral financial and technical assistance to Convention implementation. The Global Mechanism would pursue ongoing activities, but in close collaboration with members of the FC, increasingly sharing responsibility with them and capitalizing on their comparative advantages, but it would even more vigorously seek to involve key bilateral development cooperation agencies at an early stage in the process.

238. Among the steps taken in response to the recommendations of the evaluation reports, IFAD had established the Global Mechanism advisory group. The Global Mechanism, for its part, was increasing its focus on the supply side: work in engaging the private sector was under way in Algeria, Kenya and South Africa; efforts to mobilize resources from the private sector through an environmental trust fund were being studied in China; and resource mobilization was being pursued through decentralized cooperation in France and Italy.

239. The Global Mechanism hoped to expand substantially its work with FAO, IFAD and the World Bank to mobilize resources through carbon trading. It had also developed, in close collaboration with the FC, a business plan for 2003-2006, which committed the committee's members to specific targets and responsibilities in cooperation with the Global Mechanism. The core budget for 2004-2005 amounted to USD 3.7 million, representing an increase of 5% over the preceding biennium but that created a resource gap of about USD 1.2 million a year in relation to minimum budget requirements: voluntary contributions would therefore still be essential.

240. The Governing Council took note of the Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification contained in document GC 27/L.9.

GENERAL STATEMENTS (Agenda Item 5) (continued)

241. **Mr PERERA** (Sri Lanka) said that his country had benefited greatly from IFAD assistance since 1978, and the Fund had now prepared a Country Strategic Opportunities Paper (COSOP) identifying the sectors for IFAD assistance up to 2007. His Government was grateful for continued IFAD support in the areas of rural development, peace consolidation and conflict prevention. It was continuing to give attention to the challenges of globalization.

242. Since agriculture provided 20% of national output and employed 35% of the workforce, as well as delivering a powerful stimulus to other sectors of the economy, it offered the best opportunity for reducing poverty, especially as 90% of the poor lived in rural areas. The Government was therefore running many programmes to benefit the farming community, as well as poverty-reduction programmes as such for the 25% of the population living below the poverty line. The Government's new agricultural policy focused inter alia on increasing productivity and incomes. IFAD assistance for subsistence farmers would be most welcome.

243. The national agricultural policy and strategy addressed issues of labour productivity, food security, development of a food-processing industry, macroeconomic policy and globalization. The "Regaining Sri Lanka" initiative also emphasized productivity, together with new technology,

marketing infrastructure and increased private-sector participation. Priority was also being given to young people through the revitalization of the Young Farmers' Clubs. The Government recognized that the country's best asset was its people, men and women alike – a factor taken into account in all activities. Young people would be closely involved in the introduction of new technology. IFAD support in those areas would be welcome.

244. **Mr TRAORÉ** (Mali) said that the MDG relating to hunger and poverty could not be achieved without increased political will. Sustainable rural development was impossible without increased farm production and productivity, better market access and improved income levels and living conditions among rural dwellers. The relationship between trade and rural development was of vital concern to the developing countries. Food-security strategies would remain dependent on the interaction between the rural development sector and other sectors such as trade, industry, transport and health. The expansion of food production was closely linked to the development of markets, and trade played an important part both upstream and downstream of production. The era of economic globalization put many obstacles in the way of market access for developing countries, including tariff and non-tariff barriers and farm subsidies in the developed countries. The collapse of world cotton prices as a result of subsidies had had a disastrous effect on African cotton farmers despite their competitive production costs and had nullified the efforts made by many countries to make cotton a locomotive of their economies.

245. IFAD must address that decisive challenge to the attainment of the Millennium poverty-reduction target. In the post-Cancún era all parties must seek alternative ways of meeting commitments: the lessons of Cancún must indeed be learned. Mali was grateful to IFAD for its projects, which fitted well into the Government's rural development master plan and strategic anti-poverty framework. Trade issues were generally covered by the regional food-security programmes in which Mali participated, and by NEPAD'S Comprehensive Africa Agriculture Development Programme.

246. Mali was grateful for having benefited from the enhanced HIPC Debt Initiative and, in spite of economic difficulties, had paid its contribution to the Fifth Replenishment in February 2003 and announced its contribution to the Sixth. Mali approved the Audited Financial Statements of IFAD as at 31 December 2002; the Report of the External Auditor; and the Programme of Work and Administrative Budget of IFAD and its Office of Evaluation for 2004. Mali agreed with the delegation of authority to establish multi-donor trust funds and noted the Progress Report on the Implementation of the PBAS, urging IFAD to take account of the observations made by the Group of 77. His country had noted the Progress Report on the SCP and urged IFAD to learn the necessary lessons from its first year of implementation. It appreciated the results achieved by the International Land Coalition and noted the lessons learned; and it encouraged the Global Mechanism of the CCD to derive maximum benefit from the observations of COP.6 and urged donors to ensure that the Global Mechanism had adequate resources. The initiative to entrust the global environment facility with supporting convention-related capacity-building activities was welcome.

247. **Ms NATHOO** (Mauritius) said that the outlook for the rural poor in many developing countries remained grim, and IFAD's role had become even more crucial. Mauritius appreciated IFAD's contribution to the HIPC Debt Initiative. It appealed to the Fund's members to contribute generously to the Seventh Replenishment of IFAD's Resources. Mauritius was grateful for IFAD's generous assistance over almost two decades, and was unsparing in its efforts to restructure and reform its agriculture sector, which would continue to be one of its main development pillars. It should be borne in mind that Mauritius faced a number of problems that were specific to small island developing states, and would in fact be hosting the ten-year review conference of the Barbados programme of action later in the year.

248. Regarding the WTO negotiations on agriculture, the majority, including Mauritius, believed that vulnerable countries deserved full attention and recognition of their specificities and limitations.

Liberalization should be gradual and cautious. Trade could not be dissociated from a range of crucial development issues. It was recognized that certain types of subsidies had a developmental aspect and contributed to poverty alleviation. Many countries, in the absence of appropriate policy measures, would not be able to compete on the external market and might be marginalized. Poverty reduction goals would not be achieved through a trade regime only. Different groups of countries had different situations and specific challenges, and Mauritius trusted that IFAD, by sharing insights with other development partners, would reconcile those various concerns in meeting its objectives.

249. Against a background of increasing trade liberalization and stronger competition, Mauritius was moving from a traditional to a modern agriculture with the adoption of new technologies. Projects were being initiated that included the establishment of a biotechnology institute that would have a regional dimension. Such projects had heavy financial implications, and Mauritius would be seeking international and regional collaboration in their implementation; further support from IFAD would be welcome.

250. **Mr MATABWA** (Malawi) said that the goal of halving world hunger and poverty by 2015 should if possible be achieved before then. The situation in sub-Saharan Africa was particularly acute, and was made worse by HIV/AIDS. His own country had not required food assistance in the 2003-2004 season, as it had in the two previous seasons, although the forecast for the current season was that by harvest time there would be a food shortfall of 30 to 40%. The hope was that the late rains that were now falling would continue to the end of March or into April. Malawi was very grateful for the financial and technical support it was receiving under the FAO Special Programme for Food Security, and was actively involved in formulating national flagship projects under the NEPAD Comprehensive Africa Agriculture Development Programme. The main task, though, was to mobilize resources to enable the CAADP to take off, and Malawi joined other African States in appealing to the international community for increased agricultural investments in the continent.

251. Malawi enjoyed very good cooperation with IFAD, which continued financially and technically to support agricultural development initiatives, and was seeking to appeal to the Fund and the international community generally to expand grants and loans to Malawi. Priority areas for agricultural investments were irrigation development, rural infrastructure development, agro-processing, ensuring access to inputs by smallholder farmers, capacity-building in production and marketing development, and technology development and transfer.

252. **Mr BONILLA GIRALDO** (Colombia) said that, 27 years after the establishment of IFAD, it was time to ask how effective the Fund had been in fulfilling its mandate of combating hunger and poverty and improving the nutritional standards of low-income groups in the developing countries. An assessment must also be made of a situation in which, under the pretext of modernization in a context of globalization, the developed countries were calling for ever more controls on the agencies of the United Nations system whose proper role was to fight hunger and create a fairer world. What was lacking was political will, for there was in reality no shortage of resources or food: the problem was to direct them to the right destinations. It was indeed time to return to the route which the Fund's founders had wisely laid out: to invest more resources in the eradication of poverty and waste fewer resources on supervisory measures and pointless bureaucracy. By all means have modernization, but with austerity. Colombia wanted a modern and flexible IFAD which would take the lead in rural development programmes for the benefit of small farmers.

253. The Government of Colombia had been making great efforts to develop the rural sector, and to that end was implementing a strategy to facilitate access of rural dwellers to production and financial inputs, as well as to basic infrastructure and housing, with a view to increasing their incomes. Important targets had been attained with respect to the area of land under cultivation, rural housing, forest and environmental conservation, investment in the agriculture fund, and farm machinery banks. Progress had also been made in general rural development through programmes for education, women and housing, as well as through a development programme for small enterprises. There were other

projects on cofinancing of rural development and reinforcement of the State's presence in areas affected by the cultivation of illicit crops. The land management programme was designed to modernize the production infrastructure in order to make more efficient use of water and land, reduce the risks presented by climate change and facilitate the adoption of new technology.

254. Many countries similar to Colombia required the aid of agencies such as IFAD if they were to reduce their poverty levels. He therefore appealed to all the countries present to work with IFAD to achieve a world of peace and social justice which knew no hunger. He strongly endorsed the statement made by the Chairman of GRULAC.

255. **Mr KAMALUDEEN** (Maldives) said that poverty in the Maldives differed from that in many other developing countries, for a large segment of the population was susceptible to external shocks. Up to 42% of the people lived close to or below the international poverty line, and there were significant non-income disparities as well. Migration to the overcrowded capital for work or education was common. The cost of creating infrastructure over nearly 200 islands was very high, and the effects of climate change were already manifesting themselves. Thus the Maldives shared many of the sustainable-development concerns of other small island developing States. In particular, since its well-being depended on its natural resources, it was committed to environmental protection, but could do little to guard against external threats in that area.

256. His country's unprecedented recent progress meant that it might soon graduate from LDC status – with serious economic implications, for the sudden withdrawal of preferential trade treatment might check its development. It was critical for the international community to recognize the importance of such treatment for the Maldives, especially in the vital fisheries sector, and its vulnerability to natural and external shocks. Graduation from LDC status should be accompanied by preservation of market access.

257. The main fisheries policies were diversification in order to reduce vulnerability, increased private-sector participation, management of marine resources and development of fishing communities with an eye to sustainability. The main agricultural policies focused on infrastructure and institutional support to maximize the economic and social benefits of ecologically sustainable farming, diversification, and increased private-sector participation. Product diversification and improved marketing mechanisms were the key strategies. The Maldives looked forward to further assistance from IFAD in the future.

258. **Mr SONG** (Republic of Korea) said that it was unfortunate that the Cancún meeting had failed to reach agreement on agricultural trade; any discussion of that topic must bear in mind the differing levels of agricultural development between countries, and the positions of all countries must be reflected in a balanced way. That would require flexibility and recognition of the need for buffers against specific shocks, as well as a gradual reduction of tariffs and subsidies for agricultural products.

259. Trade liberalization did not always guarantee expanded market access opportunities for farmers in the developing countries, nor improve the rural economy or assist rural development, as most had too few resources to be able to take advantage of it. Discussions on trade liberalization should consequently take account of issues such as food security, the environment and the public good. Without building the domestic agricultural production infrastructure, expanded market access would remain but a dream. Education and extension programmes should also be provided so that farmers could develop the entrepreneurial skills needed to run commercially viable operations. It was equally important to develop and increase farmers' income sources, in addition to attracting external capital and technology to rural areas and nurturing rural enterprises through systemization and expansion of scale.

260. IFAD's research into ways of expanding market access was therefore very timely and he looked forward to an increase in its future activities aimed at building the production infrastructure in rural areas. The goal of reducing poverty and hunger could not be achieved by the endeavours of developing countries and farmers alone, but required a multidimensional and comprehensive approach involving the concerted efforts of farmers, regional communities, countries and the international community.

261. **Mr ANGELOV** (The Former Yugoslav Republic of Macedonia) said that his country was most grateful to IFAD for providing it with much-needed support, including two credit lines which it had used to develop agriculture with the aim of reducing rural poverty. As a country in transition, The Former Yugoslav Republic of Macedonia required appropriate technological and educational assistance for the purpose of harmonizing its agricultural policy, which, following independence, had moved away from a centralized to a market-oriented approach. To that end, legal and administrative barriers were gradually being removed and steps taken to improve the marketing and sale of agricultural products, to harmonize legislation on quality and safety standards with that of the European Union, and to improve the quality of agricultural products in order to meet those standards and remain competitive on external markets.

262. Rural revitalization, with the village as a recognized socio-economic entity, demanded a long-term approach, coupled with sustainable resource management. Rural areas were critical to the development of an integrated and balanced economy in his country. Investment and other support were therefore needed in order to improve the agricultural and rural infrastructure, as well as the overall availability of services. The aims of his Government's own development strategy included the production of quality food at low cost for domestic consumption, the prevention of rural exodus, land and water conservation and the achievement of higher competitiveness for its agricultural products. It also aimed to reform and develop agriculture by continuing the move towards privatization; reducing market monopoly and improving supply; establishing wholesale markets; liberalizing agricultural trade; providing efficient financial and advisory services to the private sector; strengthening agricultural research; modernizing the governmental bodies and institutions involved in agriculture; creating new agrarian institutions; implementing rural land reform; supporting the rural infrastructure, and further developing the rural revitalization strategy.

263. **Mr MAHALU** (United Republic of Tanzania) said that IFAD continued to play a constructive role in supporting various projects in his country and in pursuit of the MDGs and the targets set by NEPAD. A forthcoming summit meeting of the African Union was to place particular emphasis on agriculture and water, a move indicative of the serious attempts by African governments to reduce poverty, hunger, food insecurity and related problems throughout the continent. Given current food shortages in Africa, strategies should include measures to increase agricultural production, productivity and food availability, as had been stressed at the recent meeting of the Ministers of Food, Agriculture and Natural Resources of the South African Development Community (SADC). The ministers had expressed the commitment of their governments to promoting equal access for all to land, credit, technology and other key agricultural inputs, and also the empowerment of women. Food insecurity, whether the causes were man-made or beyond human control, could be surmounted given political will and resources, which should be urgently mobilized by the international community.

264. Over the previous eight years, his country had made substantial progress in laying down a firm foundation for fighting poverty and its causes by introducing a raft of new measures, including macroeconomic and structural reforms, liberalization and investment incentives, in a context of strengthened peace and political stability. It had also launched various strategies and programmes for, inter alia, rural development, agricultural development and poverty reduction and was grateful to IFAD for its leading role in supporting such programmes. With 63% of the population dependent on agriculture for its livelihood, his Government was strongly committed to rural development, but it lacked resources, and therefore urged all development partners to work with it in order to design and restructure agricultural support systems, build rural infrastructure, exploit and expand small cost-

effective water control and management systems, develop the livestock sector and support community-drive health, sanitation and nutrition programmes.

265. Local and international market access was crucial. In that regard, the SADC ministerial meeting had reaffirmed the need to harmonize sanitary and phytosanitary measures with international standards in order to facilitate agricultural trade. It had also appealed to trading partners not to use the sanitary and phytosanitary measures as barriers to trade and called upon WTO to accelerate the liberalization of trade in agricultural products with a view to removing the protectionist barriers to market access by the developing countries. He supported the Fund's efforts to capture resource opportunities from donors, and endorsed the proposed flexibility to establish multi-donor trust funds.

266. **Mr ESSA** (Libyan Arab Jamahiriya) said that his country had always worked to achieve IFAD's objectives, notwithstanding the past embargo which had hampered many of its ambitious development projects, particularly those involving agriculture and food production. IFAD should play a greater role in the efforts to eradicate rural poverty in the developing countries by creating new programmes in the areas concerned. It also had an effective role to play alongside the Global Mechanism in combating the serious problem of desertification in several regions of Asia and Africa by, for example, transferring technology to the affected countries. Africa should be helped to exploit its rich pool of agricultural and water resources for the sake of its long-suffering people. In that context, he reasserted his country's commitment to IFAD, to which it was pleased to contribute economic aid for development.

267. **Mr LUTUCUTA** (Angola) commended both the very positive work IFAD was carrying out through projects that gave rural populations greater access to markets and the support IFAD projects were giving to women in rural areas in production and marketing. On the subject of trade, domestic as well as foreign trade should be taken into account. If domestic trade was to develop, it was crucially important to have better rural infrastructures, transport and warehousing, as NEPAD had clearly indicated. In his own country, trade had suffered greatly from the effects of war, and that situation had become worse as road communications had deteriorated. Small tradesmen played a very important role both upstream and downstream of production. IFAD's support for NEPAD was most welcome.

268. Angola hoped that the pledged contributions to the Sixth Replenishment of IFAD's Resources would be fully paid and welcomed IFAD's low-risk and guaranteed fixed-interest investment policies. It looked forward to transparent implementation of the PBAS.

269. Angola was currently enjoying its second year of peace, with cereal production 23% up on the previous year as a result of good weather, a larger area under cultivation and a better distribution of agricultural inputs. Production of other crops had also increased. The number of people still needing food aid was 1.4 million and, although they had now sown their fields, they would still need food assistance until the 2004 harvest. It was feared, though, that the devastating rains in many parts of the country would damage some of those crops. Angola was grateful for the support received from IFAD and other donors during the difficult years. At the present juncture, it was important for the COSOP for Angola to be reviewed as soon as possible by the Executive Board, so that new projects could be financed.

270. **Mr JUBARA MOHAMED** (Sudan) expressed his hope that, in the light of the imminent peace agreement to be signed in The Sudan, the international community would allocate sufficient resources to drive forward development in all of the country's war-affected areas and that the new economic and political stability would stimulate increased support and investment for agriculture and its related sectors. The Sudan played a prominent role in forums such as the Intergovernmental Authority on Development and NEPAD, and was progressing well with formalities for its application for WTO membership. It was also active in formulating the bases of the new economic partnership among African countries and the European Union.

271. Agriculture was the backbone of the Sudanese economy; it employed most of the population and was an effective export earner. With that in mind, an ambitious five-year plan had been elaborated with a view to food security, poverty reduction, higher export earnings and the development of sustainable natural resources. Such development efforts, however, were hindered by the country's heavy debt burden. He therefore called on IFAD and the other bodies concerned to provide it with debt relief under the same initiative from which other countries had benefited. He greatly appreciated the Fund's efforts to reduce poverty and achieve food security throughout The Sudan, which included the highly commendable Gash Sustainable Livelihoods Regeneration Project in Kassala state, one of the country's poorest regions. Lastly, in regard to the crucial issue of trade and development, he urged genuine partnership among the developed and developing countries in their mutual interest.

OTHER BUSINESS (Agenda Item 14)

Approval of Disclosure of Documents

272. **The CHAIRPERSON** recalled that IFAD's policy on the disclosure of documents provided that the disclosure of documents for any particular session was the prerogative of the governing body concerned. He therefore asked the Council to approve the public disclosure of all the documents that had been submitted to 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. He took it that the Council approved the public disclosure of all documents submitted to the current Session.

273. **It was so decided.**

SUMMARY OF THE SIX ROUND-TABLE DISCUSSIONS HELD IN CONJUNCTION WITH THE TWENTY-SEVENTH SESSION OF THE GOVERNING COUNCIL

274. **Mr CARRUTHERS** (Assistant President, Programme Management Department) gave a summary of the discussions that had taken place during the six round tables, held on 19 February 2004, on the following themes: Asia and the Pacific: Rural Enterprises and Poverty Reduction; Central Eastern Europe and Newly Independent States: Promoting Farmers' Access to Markets in Transitional Economies; Eastern and Southern Africa: Challenges and Opportunities for Rural Development Arising from Sector-Wide Approaches; Latin America and the Caribbean: Remittances and Rural Development; Near East and North Africa: Managing Water Scarcity in the Near East and North Africa; and Western and Central Africa: Rural Finance in Western and Central Africa. The full text of the summary is reproduced in Chapter 3B of the Governing Council Report.

SUMMARY OF THE PANEL DISCUSSION ON THE THEME: "TRADE AND RURAL DEVELOPMENT: OPPORTUNITIES AND CHALLENGES FOR THE RURAL POOR"

275. **The CHAIRPERSON** gave a summary of the panel discussion on the theme "Trade and Rural Development: Opportunities and Challenges for the Rural Poor". The full text of the summary is reproduced in Chapter 4 of the Governing Council Report.

CLOSURE OF THE SESSION

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

277. He declared the Twenty-Seventh Session of the Governing Council closed.

278. **The meeting rose at 19.10 hours.**

CHAPTER 3

B. ROUND-TABLE DISCUSSIONS

Introduction

279. On the morning of 19 February 2004, the Council simultaneously held six round-table discussions on topics identified in consultation with the Fund's operational regions. Delegates received documentation for the round tables at the Governing Council venue.

280. The round tables were organized as follows:

Asia and the Pacific: *Rural Enterprises and Poverty Reduction*

Chairperson: His Excellency Sangay Ngedup, Minister for Agriculture of the Kingdom of Bhutan

Discussants:

- (i) Mr Vijay Mahajan, Managing Director and Chief Executive Officer (CEO), BASIS, India
- (ii) Dr Franklin P. Bunoan, Executive Director, Cottage Industry Technology Center (CITC), Department of Trade and Industry, The Philippines
- (iii) Mr Dongwen Liu, Director, Monitoring and Researching Department, China Foundation for Poverty Alleviation (CFPA), China
- (iv) Ms Cristina M. Liamzon, Representative of the Asian Non-Governmental Organization Coalition for Agrarian Reform and Rural Development, The Philippines
- (v) Mr Erik Martens, Officer-in-Charge, Asia and the Pacific Division, IFAD, Italy
- (vi) Mr Ganesh Thapa, Regional Economist, Asia and the Pacific Division, IFAD, Italy
- (vii) Ms Aira Maria Htenas, Consultant, Asia and the Pacific Division, IFAD, Italy

Central Eastern Europe and Newly Independent States: *Promoting Farmers' Access to Markets in Transitional Economies*

Chairperson: Her Excellency Adriana Berberi, Deputy Minister for Finance of the Republic of Albania

Discussants:

- (i) Dr Amit H. Roy, President and CEO, International Fertilizer Development Center (IFDC), United States
- (ii) Dr Ian Gregory, Director, Market Development Division, IFDC, United States
- (iii) Mr Henning Pedersen, Country Programme Manager, IFAD, Italy
- (iv) Ms Mylene Kherallah, Regional Economist, IFAD, Italy

Eastern and Southern Africa: *Challenges and Opportunities for Rural Development Arising from Sector-Wide Approaches*

- Chairperson: The Honourable Dr Wilburforce Kisamba-Mugerwa, Minister for Agriculture, Animal Industry and Fisheries of the Republic of Uganda
- Discussants
- (i) The Honourable Daniel Rakoro Phororo, Minister for Agriculture and Food Security of the Kingdom of Lesotho
 - (ii) The Honourable João Zamith Carrilho, Vice-Minister for Agriculture and Rural Development of the Republic of Mozambique
 - (iii) His Excellency Patrick Habamenshi, Minister for Agriculture, Animal Resources and Forestry of the Rwandese Republic
 - (iv) The Honourable Charles N. Keenja, Minister for Agriculture and Food Security of the United Republic of Tanzania
 - (v) Mr Gary Howe, Director, Eastern and Southern Africa Division, IFAD, Italy

Latin America and the Caribbean: *Remittances and Rural Development*

- Chairperson: His Excellency Salvador Urrutia Loucel, Minister for Agriculture and Livestock of the Republic of El Salvador
- Discussants:
- (i) Dr Manuel Orozco, Director, Central America Project, Inter-American Dialogue, United States
 - (ii) Prof Rodolfo García Zamora, Director, Migration Programme, Autonomous University of Zacatecas, Mexico
 - (iii) Mr Jorge Oviedo, Director of Agricultural Planning, Ministry of Agriculture and Livestock, El Salvador
 - (iv) Ms Cándida Hernández, Migrant from Mexico, Official of Home Town Associations
 - (v) Ms Merlín Peña, Migrant from El Salvador, Official of Home Town Associations
 - (vi) Dr Anne Hastings, Director, Fondasyon Kole Zepol (FONKOZE), Haiti
 - (vii) Ms Raquel Peña-Montenegro, Director, Latin America and the Caribbean Division, IFAD, Italy
 - (viii) Ms Rosemary Vargas-Lundius, Country Programme Manager, IFAD, Italy

Near East and North Africa: *Managing Water Scarcity in the Near East and North Africa*

Chairperson: His Excellency Rachid Benaissa, Delegated Minister for Rural Development of the People's Democratic Republic of Algeria

Discussants:

- (i) Mr Chedli Fezzani, Executive Secretary, International Association of the Sahara and Sahel Observatory (OSS), Tunisia
- (ii) Mr Djamel Latrech, Coordinator of the North Western Sahara Aquifer System Programme, OSS, Tunisia
- (iii) Prof Adel El-Beltagy, Director-General, International Center for Agricultural Research in Dry Areas, Syria
- (iv) Prof Dr Mariam Mousa, Minister Plenipotentiary for Agricultural Affairs, Deputy Permanent Representative of the Arab Republic of Egypt to the United Nations Food and Agriculture Agencies in Rome, Italy
- (v) Mr Abdelmajid Slama, Director, Near East and North Africa Division, IFAD, Italy
- (vi) Mr Tawfiq El-Zabri, Country Programme Manager, IFAD, Italy
- (vii) Mr Rudolph Cleveringa, Technical Advisor for Water Management and Rural Infrastructure, IFAD, Italy

Western and Central Africa: *Rural Finance in Western and Central Africa*

Chairpersons: The Honourable Malam Adamu Bello, Federal Minister for Agriculture and Rural Development of the Federal Republic of Nigeria

Her Excellency Jeanne Dambenzet, Minister for Agriculture, Livestock, Fisheries and Women's Development of the Republic of The Congo

Discussants:

- (i) Ms Brigit Helms, Lead Microfinance Specialist, Consultative Group to Assist the Poor (CGAP), United States
- (ii) Mr Lothar Caviezel, Permanent Representative of the Swiss Confederation and IFAD Executive Board Director for Switzerland, Italy
- (iii) Mr Mamadou Cissokho, Honourable President, Network of Farmers' Organizations and Agricultural Producers in West Africa (ROPPA), Senegal
- (iv) Ms Renée Chao-Beroff, Rural Finance Specialist, International Centre for Development and Research (CIDR), France
- (v) Mr Mohamed Béavogui, Director, Western and Central Africa Division, IFAD, Italy
- (vi) Mr Mohamed Manssouri, Country Programme Manager, IFAD, Italy

281. Towards the end of the session, Mr James Carruthers, Assistant President of the Programme Management Department of IFAD, presented an oral summary of the round-table discussions. More detailed reports of the discussions are reproduced below.

Asia and the Pacific: *Rural Enterprises and Poverty Reduction*

282. The round table was attended by many participants, including ministers and senior officials of governments from the region, and representatives of NGOs, invited international organizations and some List A countries. It started with an introduction by the chair, His Excellency Sangay Ngedup,

Minister for Agriculture, Bhutan. IFAD gave a PowerPoint presentation of the discussion paper, which was followed by comments from four panelists whose presentations highlighted the experiences of their respective countries. This was followed by a general discussion. The main issues and conclusions of the discussion are summarized as follows:

- Participants reiterated the need for the provision of non-financial services, improvement in access to markets and creation of a supportive institutional environment and policies. They also shared their experiences and underscored the need to learn from one another. A suggestion was made that IFAD prepare a compendium of good practices.
- The promotion of rural microenterprises was supported, subject to the provision of essential needs for basic education, health services and rural infrastructure – particularly microenterprises focusing on disadvantaged populations, including women and indigenous peoples in remote areas. The need for complementary roles among different actors was emphasized.
- Participants stressed the importance of assisting small rural entrepreneurs in building their capacity for product development targeted at niche markets, such as organic and non-timber forest products. In supplying products to these markets, entrepreneurs would require assistance in meeting the stringent quality and environmental standards. Participants also highlighted the need to develop innovative ways of linking rural microenterprises with larger, growth-oriented enterprises in semi-urban and urban areas, which would offer important market opportunities. These approaches were underscored as an effective response to the likely impact of trade liberalization on rural small and microenterprises.
- Participants also highlighted the need to tap non-traditional sources of finance, such as remittances from migrant workers, to promote rural enterprises and also to benefit from non-traditional sources of non-financial services such as chambers of commerce, NGOs with an enterprise focus, etc.

Central Eastern Europe and Newly Independent States: *Promoting Farmers' Access to Markets in Transitional Economies*

283. Following opening remarks by Mr Henning Pedersen, Country Programme Manager, Near East and North Africa Division, and an introduction by the chair, Her Excellency Adriana Berberi, Deputy Minister for Finance, Albania, two presentations were made. These were followed by lively discussions on the challenges of establishing market linkages in the region for poor farmers.

284. The main issues and conclusions of the round table were the following:

- There was a lively discussion on the profitability of smallholder agriculture and its potential to move smallholders out of poverty. In order to support this, it was suggested that farmers require: better input supply; infrastructure (both transportation and processing); improved market information; measures to organize themselves into groups in order to have more bargaining power and reduce transaction costs; and specific financial services targeted to their needs.
- It was widely acknowledged that the issues faced by small farmers have shifted from basic food security to establishing market outlets for their production. It was agreed that the best manner to promote smallholder market access is through development of vertical linkages (from the producer to the processors and onward to the market – all along the marketing chain).

- The establishment of vertical linkages requires targeted support for rural entrepreneurs in terms of financing, technology and business advice, but equally crucial is assistance in the promotion of a conducive framework in the public sector.
- IFAD must become involved in helping the public sector address institutional constraints (grades and standards, quality control, enforcement of contracts) in accessing international (and specifically European Union) markets.
- Given the shift in IFAD programme emphasis towards food quality and food technology and safety, closer linkages with institutions with more specialized knowledge need to be explored, e.g. the Food and Agriculture Organization of the United Nations (FAO). Similarly, IFAD should explore the possibility of collaboration with the European Bank for Reconstruction and Development regarding private-sector development.
- IFAD needs to share lessons learned by countries on the functioning of private-sector extension services and contract farming experience.
- When designing programmes and projects in the future, IFAD should adopt a more holistic approach that would identify and address opportunities and constraints throughout the production/market cycle.

Eastern and Southern Africa: Challenges and Opportunities for Rural Development Arising from Sector-Wide Approaches

285. Following opening remarks by Mr Gary Howe, Director of the Eastern and Southern Africa Division, and an introduction by the chair, the Honourable Dr Wilburforce Kisamba-Mugerwa, Minister for Agriculture, Animal Industry and Fisheries, Uganda, a short presentation was made on the theme of Challenges and Opportunities for Rural Development Arising from Sector-Wide Approaches. The discussants – principally ministers or vice-ministers from the region – presented their experiences with sector-wide agricultural programmes, and highlighted a number of opportunities and constraints associated with them. The chair then opened the floor to interventions from participants, who included not only delegates from the region, but also a significant number from List A countries. Some of the main issues and conclusions emerging from the discussions were as follows:

- Delegates from the region expressed their support for sector-wide approaches (SWAs) and programmes: they have reduced the transaction costs of working with the donor community and have led to significant and valuable opportunities both for policy and institutional dialogue and reform, and for achieving sustainable impact in terms of rural poverty reduction. They also offer scope for governments to take ownership of sector policies and programmes through the identification of “national negotiated priorities”. Nonetheless, the realization of this potential is not automatic, and delegates identified a need to actively promote national ownership and broad consensus on priorities. It was highlighted, however, that there is no ‘one size fits all’ model for SWAs – they must be shaped according to the country’s own circumstances.
- It was agreed that there has been an important evolution in the conceptualization of sector-wide programmes – formerly narrowly defined and institutionally-derived, the newer ones are much more demand-driven. Increasingly, they are built upon an analysis of farmers’ constraints, opportunities and priorities and geared towards enabling farmers to commercialize their production systems within a market economy. These ‘rural-sector’ programmes require effective coordination between the ministries of agriculture and other interested ministries, as well as with farmers’ organizations, private-sector players

and civil society. This in turn demands the establishment of effective mechanisms to promote that coordination.

- A number of delegates raised the issue of decentralization – a key institutional reform issue in SWAps. It was agreed that it is critical in order for governments to effectively respond to the concerns and economic priorities of poor farmers and their organizations, but the huge difficulties of financial decentralization in a weak institutional environment were also highlighted.
- General budget support was agreed to be a viable financing mechanism for SWAps where ministries of agriculture have a well-organized voice in the budget process. However, there was also consensus that it is one – and only one – method of financing, and that SWAps should be sufficiently flexible to accommodate a range of different financing modalities.
- There was strong support for IFAD to engage actively in SWAps, although it was also recognized that there may be circumstances and purposes in and for which projects remain the preferred mechanism for intervention – particularly where national institutions are very weak (as in some post-conflict situations) or where SWAps continue to maintain a narrow and non-inclusive definition of the sector. A number of delegates pointed to the need for IFAD to develop a strategy for engagement in SWAps and to identify its comparative advantage in this area. They further requested that IFAD consult its Executive Board in developing the approach.

Latin America and the Caribbean: *Remittances and Rural Development*

286. The round table was opened by Ms Raquel Peña-Montenegro, Director of the Latin America and the Caribbean Division (PL), with a presentation on the importance of remittances, the round-table objectives and expected outcomes. The presentation was divided into four segments and was opened by two conceptual and diagnostic papers (Ms Rosemary Vargas-Lundius, Country Programme Manager, PL, and Dr Manuel Orozco, Director of the Central America Project of Inter-American Dialogue). The second segment included two country cases: Mexico (Prof Rodolfo García Zamora, Director of the Migration Programme of the Autonomous University of Zacatecas) and El Salvador (Mr Jorge Oviedo, Director of Agricultural Planning of the Ministry of Agriculture and Livestock). In the third, two migrants living in the United States, officials of Home Town Associations (HTA) from Mexico (Ms Cándida Hernández) and El Salvador (Ms Merlín Peña), presented their testimonies as migrants and as directors of HTA. The final segment presented the report of Dr Anne Hastings of Fondasyon Kole Zepol (FONKOZE), a non-profit rural financial institution from Haiti that works with migrants' remittances and provides savings and loan services to local communities. The papers stressed the relevance of migration and remittances, concluding that:

- Worldwide, migrants' remittances amount to USD 100 billion annually. In 2002, remittances to the Latin America and Caribbean region totalled approximately USD 32 billion. In some countries, remittances have surpassed the levels of foreign direct investment and official development assistance. And remittances are not the only exchanges between communities. Skills, goods and culture are also being shared.
- New and innovative forms of communication with their communities of origin are being forged by the new wave of migrants from Latin America and the Caribbean, thus increasing the exchange of money, goods, ideas and cultural values. More than ever, migrants are able to retain strong ties to their home towns while creating settlement communities abroad in which their culture is kept alive and varied.

- Migrants are significantly reshaping the traditional social structures of rural communities in both positive and negative ways. Since they are involved in dual communities, migrants are unique players in social and economic development. They are actively participating in the improvement not just of their communities of settlement, but also of their communities of origin.

287. The round table had two sections of questions and answers, one in the middle and the other at the end of the presentations. An active discussion took place with the participation of representatives from Argentina, Canada, Dominican Republic, Ecuador, El Salvador, Eritrea, France, Mexico, The Netherlands, Nicaragua and the United States, as well as by the general public. Main conclusions were:

- International agencies must carefully cultivate partnerships with migrant associations in order to promote remittances as a tool for rural development – and should view migrants as partners in development, with unique resources to offer to the rural zones of the region. Such partnerships would enhance investments as well as the stock of knowledge and innovation in rural areas.
- IFAD should explore the possibility of increasing the capacity of HTAs and their counterpart organizations in the communities of origin, while studying the identification of effective mechanisms for tapping the knowledge and enthusiasm of migrants to help these communities.
- An area of particular interest is strengthening financial institutions, both in migrant communities and in the recipient countries, and linking such institutions in order to provide better remittance services, particularly to woman-headed households. Remittances can also benefit local financial institutions, helping to expand their funding sources and client base. The rural ‘unbanked’ poor should be helped to become ‘banked’.

Near East and North Africa: *Managing Water Scarcity in the Near East and North Africa*

288. Following an introduction by the chair, His Excellency Rachid Benaissa, Delegated Minister for Rural Development, Algeria, and two presentations, a lively discussion took place, with a focus on improving the management of water scarcity in the region. The round table was heavily attended, with a rich discussion. Some of the salient points raised were as follows:

- Rural livelihoods in the region are threatened by the looming water crisis and the prospect of severe water poverty. The Near East and North Africa region is the driest in the world, with increasing drought frequency and severity. With 5% of the world’s population but only 1% of the world’s accessible fresh water, water management is of critical importance to the region.
- Four areas for cooperation between IFAD and its partners were highlighted: (i) appropriate policy reforms to promote local water management and governance; (ii) investment in research and technologies towards improved water-use efficiency; (iii) promotion of regional cooperation and information-sharing towards sustainable management of transboundary water; and (iv) assistance in preparation and implementation of national water-management strategies.
- In the area of policies, it was recognized that legislation supporting sustainable water management has been enacted in many countries of the region, but with limited enforcement.

- Water charges, to recover operations and maintenance costs incurred by service providers, are an important mechanism for the promotion of water savings. However, the level of water charges should take into consideration socio-political implications at the local level and the need for targeted subsidies for the poorest.
- Water policy needs to be shifted towards a water demand-management approach, including the introduction of economic incentives for the adoption of water-saving technologies.
- The role of science and technology in reducing the cost of water desalination would offer an important breakthrough for the region; bio-technology would be another important area of research to develop drought-resistant crops. It is also important to ensure that traditional knowledge is integrated with modern scientific knowledge in planning new water-management methodologies and practices.
- The round-table discussants recognized that water governance issues are complex and take time, but that IFAD and its partners must strengthen their involvement and commitment in addressing these governance issues. Even in the United States, where overall water supplies are sufficient, governance of shared water among states has been difficult to manage.

Western and Central Africa: *Rural Finance in Western and Central Africa*

289. The round table was opened with an introductory presentation given by Mr Mohamed Manssouri, Country Programme Manager, Western and Central Africa Division (PA) on behalf of Mr Mohamed Béavogui, Director, PA due to unforeseen obligations of the latter. Major conclusions of the discussion include the following points:

- In order for the rural poor to seize economic opportunities and cope with their social obligations, sustainable access to financial services is required, including IFAD's further assistance in improving both the outreach and sustainability of rural financial institutions. IFAD's approach should be oriented towards building the capacities of the institutions to deliver sustainable financial services.
- Governments should cope with their responsibilities to regulate the sector and provide support and resources to the various stakeholders. Resource mobilization, especially through savings at the grass-roots level, should be promoted.
- Governments, microfinance institutions and MFAs, together with the various partners and donor agencies including IFAD, should work together to develop a coherent policy and regulatory framework for sustainable financial services development. Each actor should play its own specific role in the policy dialogue.
- Substantial efforts should be made to develop innovative approaches to financing agricultural development, especially under risky conditions. Major efforts should also be made to promote grass-roots and farmers' organizations for their effective participation in the delivery of rural financial services.

CHAPTER 3

C. OTHER GENERAL STATEMENTS

Statement of the Governor for the Republic of Albania

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

On behalf of the Albanian delegation, I have the pleasure of welcoming the work of this session and of thanking the President of IFAD, Mr Lennart Båge, on this occasion for his commitment and for the fruitful collaboration that has existed for a decade between IFAD and Albania.

The Government of Albania considers IFAD an important donor in the development of agricultural production in rural mountain areas and values the interventions made and the support that IFAD projects have provided to farmers in these areas through the rehabilitation of small irrigation schemes, input supply, technical assistance, etc.

Relationships between IFAD and the Albanian authorities have always been characterized by understanding and correctness in the realization of all legal responsibilities. In order to face the challenges and execute joint interventions, a close, efficient cooperation has existed among the missions of IFAD experts, the Mountain Areas Development Agency, relevant local structures, Albanian specialists and rural communities.

Considering agriculture as a sector that has direct impact on income raising and food security, the Albanian Government has prepared a national strategy for economic growth and poverty reduction, particularly in poor rural mountain areas.

The strategy is based on a long-term programmatic vision for these areas and will provide particular support to development of the private sector and off-farm activities. It aims to enhance local and regional managerial capacity and autonomy of the communities and rehabilitation of the rural and agricultural infrastructure.

In this context, I would like to express my sincere appreciation for the support and contribution that IFAD has given, in cooperation with Albanian specialists, in establishing the Mountain Areas Forum in 2003. This forum will ensure efficient coordination between beneficiaries and organized public structures.

Mr Chairman,

The Albanian Government shares the opinion of IFAD's mid-term review mission for the Mountain Areas Development Programme. The new social and economic conditions for mountain area development differ completely from those of the period 1998-1999, when the Mountain Areas Development Programme was conceived.

Sustainable development of these areas requires a new vision for the programme, based on comprehensive analyses of livelihoods in mountain areas and appropriate measures that are in compliance with the strategy of the Albanian Government.

Some of the key objectives of this strategy include:

- strengthening the capacity of communes, communities and municipalities to carry out participatory planning for local development projects;
- providing technical services to strengthen local institutions, particularly in planning and management and the identification of development funds to complement local public investments;
- increasing agriculture production in rural areas as well as access to markets through quality agricultural products.

In implementing this strategy, we would greatly appreciate the support and assistance of IFAD in:

- strengthening the capacity of business and producers' associations;
- upgrading the provision of multifaceted financial services for farmers and supplementary funds to support private investment in mountain areas;
- extending the action of IFAD to more areas in Albania and increasing the investments in Albanian rural communities.

Valuing the role of IFAD, the Albanian Government has approved a pledge to the Sixth Replenishment for the next three-year period.

The Albanian delegation approves the documents submitted and discussed at this session and, in expressing our appreciation for IFAD's contribution to the alleviation of poverty in participating countries, I would ask you, Mr President, to allow me to assure you of my full support in the implementation of IFAD projects in Albania.

Thank you for your attention.

**Statement of the Acting Governor
for the People's Democratic Republic of Algeria**

Mr President,
Governors,
Ladies and Gentlemen,

Allow me to begin by expressing my sincere thanks to the President of IFAD, Mr Lennart Båge, for his work in strengthening the administrative and budgetary management of our institution. I welcome the Fund's new investment policy – which has reduced the level of IFAD resources invested in equities from 45% down to 10% – and I would ask him to persevere in his prudent management of our increasingly scarce financial resources in order to protect our institution from unnecessary risk in the future as a consequence of unsound investments.

I would also like to commend Mr Båge for his work in launching the Sixth Replenishment of IFAD's Resources, which will cover the period 2004-2006. These efforts culminated on 17 December 2003 with the mobilization of 50% of the pledges through the deposit of the respective instruments of contribution and payments.

I furthermore welcome the proposal by IFAD's management to raise the level of the Fund's resources allocated to grants from 7% to 10%.

To assist IFAD in fulfilling its core mandate to reduce poverty and food insecurity, Algeria has doubled its contribution – for a total of USD 1 million – and has recently deposited the respective instruments of contribution.

I should also like to applaud the initiative to raise the profile of project monitoring and evaluation and ensure the autonomy of these activities. We hope and trust that the guidelines published in 2003 will help to ensure better targeting of population groups, more accurate evaluation of impacts and, by extension, more effective and efficient use of financial resources allocated to projects.

Mr President,
Governors,
Ladies and Gentlemen,

Under your guidance and leadership, IFAD has offered valuable support to the New Partnership for Africa's Development (NEPAD), especially to its rural and agricultural components. IFAD's participation in the NEPAD Support Group – which is working to launch the NEPAD Comprehensive Africa Agriculture Development Programme – signals the Fund's strong commitment to this initiative of such promising impact and outcomes in terms of meeting the expectations of the rural poor.

During the discussions on NEPAD at the Twenty-Fifth Session of the Governing Council of IFAD (19 February 2002), the point was raised that bilateral and multilateral donors were not attaching enough importance to agriculture and the development of rural areas, which are home to over 70% of Africa's poor.

In response to this increasingly worrisome situation and its impact on internal balances in African societies, the Heads of State of the African Union met in Maputo (Mozambique) in July 2003 and established a forward commitment by each country of Africa to allocate 10% of its budget to rural and agricultural development over a medium-to-long-term horizon (2015).

At the end of this month, the Heads of State of the African Union are to meet again, this time at Syrte (Libya), to discuss issues related to rural and agricultural development and water resources. This will be an opportunity to consolidate the outcomes of the Maputo meeting and create an enabling environment for harmonious and sustainable development of the African continent while simultaneously tackling poverty and social exclusion.

This high-level gathering bears witness, if any was necessary, to the importance the countries of Africa attach to these issues. Specific decisions are expected that will lay the groundwork for programmes and projects to tackle poverty and exclusion and prepare the way for African economies to become full partners in the world economy.

These, I feel, are the signposts and entreaties that should guide the allocation of IFAD's resources.

Mr President,
Governors,
Ladies and Gentlemen,

I commend the steps taken to ensure that IFAD's work seeks at all times to address the concerns and needs of its Member States. The rural development sector framework approved by the Executive Board and the initiative to include the issue of trade and rural development on our agenda here today reflect a manifest desire not to leave the rural poor along the wayside as markets and trade take on an ever larger role.

The round table on trade and rural development is a prime example of this. The reflections to be shared and the recommendations to be made will provide solid benchmarks for us all, so that we may focus action on revitalizing our rural and agricultural economies and lay the foundations for better integration of our national economies into the global economy.

It is against such a backdrop of spreading poverty and marginalization of the rural milieu that my country launched its National Agricultural Development Plan in 2000, breathing fresh life and bringing new interest into the rural economy. The initial results from the period 2000-2003 have been most encouraging:

- Agricultural production grew at an annual average rate of over 8%.
- Over 600 000 jobs (254 000 of them permanent) have been created.
- The arable land surface has expanded by 120 000 hectares (ha) per year.
- 220 000 farms have benefited from rehabilitation and support activities.
- 25 000 new farms have been created (as the result of land reclamation and development).
- A new trend towards pluri-activity has emerged in the rural sector.

These initial outcomes have led us to formulate a ten-year strategy for sustainable rural and agricultural development for the period 2004-2013 with a view to consolidating the advances made thus far, moving beyond development approaches limited strictly to agriculture and, ultimately, ensuring that all rural residents enjoy the benefits of progress.

The fruit of intense negotiation and consensus-building, our sustainable rural development strategy includes lines of action that are shared by the World Bank, the Food and Agriculture Organization of the United Nations (FAO) and IFAD (e.g. community participation, sustainable natural resource management). It identifies both the challenges and the stakes, and is geared towards:

- strengthening social cohesion, tackling poverty and stemming rural exodus;
- improving food security for rural households and for the country as a whole, while fostering social and individual development and fulfilment of rural populations;

- promoting territorial vigour and development, and boosting national and international competitiveness of the rural sector;
- protecting the environment; and
- fostering the emergence of new forms of governance for territorial development.

Built around the concept of sustainable rural development, our long-term strategy takes into account the need to:

- reach all rural households, especially those in isolated, marginalized areas;
- ensure synergy between economic and social development;
- strike a balance between urban and rural territories;
- preserve the renewal capacity of natural and human resources; and
- appreciate the value of territorial resources and their potential (useful substances, agriculture, assets, know-how).

Accordingly, a cornerstone of our strategy is active, responsible community participation in formulating proposals for local development action by way of appropriate tools. The sustainable rural development approach is a bottom-up process that is consistent with decentralization and is suited to the diversity of the target territories and communities (farmers, young entrepreneurs, steppe geography, agricultural milieu).

The strategy is also built on the search for social and economic synergy and respect – at all levels of intervention – for a vision of sustainable rural development that establishes dynamic linkages between spaces and people, while bearing in mind the economic return on the actions to be undertaken, social acceptance, proximity, institutional solidarity, preservation of ecological balance and territoriality.

With these core thrusts as a starting point, we have prepared ten-year projections (2004-2013) for rural and agricultural development, with a focus on modernizing farms and farm-sector production chains and enhancing the value of agricultural output by targeting some 500 000 farms deemed to be economically viable, out of a total 1 million farms.

On-farm investments will be supported by activities to mobilize water resources, develop water-saving irrigation techniques, intensify staple crops, rehabilitate and expand orchards, palm groves and vineyards, boost livestock production potential, and enhance the value added of agricultural outputs.

Our work also addresses the structuring and modernization of various agricultural production chains, the promotion and encouragement of rational natural resource management (soil, water), adaptation of cropping systems to diverse soil and climate conditions, promotion of local brands or labels, protection and development of animal and plant genetic resources, and enhancement of value added of agricultural products through better integration of agro-food industries.

Efforts to boost the value added of farm outputs and services are aimed at strengthening the local working environment by setting up units for the processing and storage of farm products.

Local produce is also being promoted through better marketing of currently available items as well as the search for new niche markets, including the relaunching of discontinued or new products. In all cases, our objective is to take fuller advantage of existing channels (some of which are well established and hold significant untapped potential) and to create, especially for poor producers, new networks and support for marketing.

As a result of the new marketing requirements for farm products, poor producers need access to short farm-to-market chains (i.e. selling locally, with a limited number of intermediaries), while

producers in organized subsectors need longer chains (involving regional or national markets, or even export markets, which means participation by a greater number of operators).

Regardless of the selling format used (traditional retail or wholesale trade, direct sales, local or regional markets, etc.), they all demand specific technical and commercial competencies and a learning period for producers who will take part in these new activities. These are the people who look to us for guidance and for whom our work here and in IFAD's Member States can make a solid contribution in terms of organization, support and encouragement, with a special focus on the most vulnerable producers.

Mr President,
Governors,
Ladies and Gentlemen,

Our ten-year projections also – and, I daresay, especially – include the revitalization and local development of the rural milieu, hand in hand with natural resource conservation.

As a priority, we are especially interested in reviving rural areas that have been marginalized or abandoned because of insecurity. We will do this by creating economic and social synergy through stepped-up agro-sylvo-pastoral activity, new economic activities and improved public and social infrastructure.

The fight against desertification and support for pastoralism are also priorities, given the vastness of our steppe rangelands (32 million ha), their degree of degradation and the need to safeguard a pastoral economy based on sheep-raising. As part of a policy to interconnect local households, projects will be launched to protect and rehabilitate over 4 million ha of natural resources, specifically through deferred grazing schemes and rangeland planting.

Woodland protection and watershed management are further areas of concern. In this regard, specific efforts will be deployed to foster and consolidate local participatory models for woodland management.

To implement the sustainable rural development strategy, a series of tools have been developed for planning interventions in rural areas, together with consensus-building and decision-making mechanisms, modalities for financing activities in the rural sector, and systems for monitoring, benchmarking and providing support for decision-making.

As an example of one of the planning tools, rural and agricultural development actions will be undertaken with economic, financial and technical support provided through the following model projects, which will be 'bottom up' rather than centrally planned, as was previously the case:

- multi-year farm development projects: farmer-initiated projects in support of investment initiatives to modernize their farms;
- investment projects in subsectors and farm services: projects carried out by investors and university students to develop service activities upstream and downstream of the farm unit (service and value-added units, marketing of products);
- local rural development projects: small-scale projects targeting isolated rural communities through support for collective investments and promotion of individual activities by members of rural households;
- local desertification control projects: projects to benefit pastoral communities living on land at risk of desertification through collective desertification control actions;
- land development projects under concession arrangements: projects carried out on idle government lands mainly by young people with training and rural households, with a view

to stabilizing rural populations by improving their incomes and access to land resources under concession arrangements; and

- local watershed management projects: multi-year projects to manage watersheds as a means of controlling erosion and siltation of dams.

In addition to the foregoing, the planning of actions in rural areas, the evaluation of public resources and the mobilization of private resources have benefited from the classification of rural communities according to a series of demographic and socio-economic indicators and their potential, and from the preparation of a sustainable rural development index that weighs 95 basic indicators, including rural development, human development and women's participation. These two tools make it possible to measure the level of development of rural communities and are used in allocating public resources and guiding development action.

The implementation tools, on the other hand, include support mechanisms for rural development and the integration of existing sector actions, such as:

(a) Establishment (pursuant to the 2003 Finance Act) of a concession-based land and rural development fund to address the urgent need for action in underprivileged rural areas. The methodological approach – based on the formulation and design of local rural development projects – is intended to encourage beneficiary populations and local authorities to take a proactive role in agricultural development, the promotion of various rural occupations and economic activities, and the promotion of socio-educational activities and/or social safety nets.

(b) Implementation arrangements for the Fund for Combating Desertification and Developing Pasture Lands in Steppe Areas. Under a system of participatory natural resource management, 2.5 million ha of land were rested and 34 000 ha were planted with rangeland species in 2003. The ten-year strategy requires institutional support for the technical, legal and financial aspects of the various programmes that are to be launched gradually with backing from international agencies. The expected impacts of the rural and agricultural development strategy include:

- enhanced agricultural supply and food security, and the creation of the equivalent of one million new jobs (at least 400 000 of them permanent);
- 800 000 fragile, marginalized households in isolated rural areas spread out over 8 850 local administrative units integrated into the country's social and economic development framework;
- better competitiveness of 350 000 farms and the development of a tight network of small and medium-sized enterprises in the processing and value-enhancement of agricultural products and farm support services;
- development of 650 000 ha of land and creation of over 25 000 new farms;
- natural resource conservation throughout an area of over 4 million ha based on mandatory resting (deferred grazing) of degraded rangelands, rangeland planting and erosion control; and
- conservation of water resources and installation of drip irrigation on 250 000 ha, economizing 200 million cubic metres of water per year; watershed management activities on 150 000 ha will help to extend the life of existing dams and protect those being built in over 27 watersheds.

The various types of projects to be carried out under the strategy to open up rural territories to the outside are, at the same time, opportunities for bilateral and multilateral cooperation and partnerships. The challenges posed by globalization and broader-based relationships can no longer be met through the traditional forms of cooperation: new answers must be found and, in this regard, technical, economic and trade partnerships offer unique opportunities. Donors and lenders need to take a greater interest in what we are doing, so they may become true partners in this sustainable and promising process.

Without a doubt, the general outline of the rural and agricultural development strategy that I have described here points up the sea change that must take place in agriculture and rural development if we are to attain the objectives set (e.g. food security, rural development, better balance of agricultural trade, natural resource conservation, tapping of existing potential) within an economy in transition, as well as the need for proper support.

I hope my words here have ably conveyed the extent and importance of our efforts to improve living conditions for rural poor households while developing agriculture and revitalizing our rural areas, inasmuch as these are fundamental prerequisites for ensuring the cohesion of Algerian society as a whole and for averting the dire consequences of desertification of rural areas.

**Statement of the Acting Governor
for Georgia**

Mr Chairman,
Distinguished Colleagues,

I am honoured to take this opportunity on behalf of the new Government of Georgia to express our gratitude to IFAD and to emphasize the importance of successfully developing cooperation.

Up to now, IFAD has supported Georgia with two loans totalling USD 14 million. But more importantly, IFAD has helped Georgia to grapple with the problems of transition from a centrally planned to a market-driven economy through developing the kind of institutions and policies that are crucial for the economy. It has assisted us in establishing a land registration and cadastre system to guarantee security of tenure to private farmers benefiting from the privatization of the lands previously managed as state farms and collectives, thus facilitating the emergence of a land market. It has pioneered with us the establishment of a vibrant credit union movement, which is improving farmers' access to credit – a crucial element in the recapitalization of agriculture. It has encouraged the development of producers' groups and marketing associations, which are enabling small farmers to benefit from economies of scale and to increase their bargaining power in the market. It is helping mountain communities establish mechanisms that allow them to participate fully in making the decisions that affect their lives and welfare while enabling them to access appropriate production technologies and inputs, and benefit from improved infrastructure.

In summary, IFAD has assisted Georgia in putting in place an enabling environment that is conducive to poverty reduction and economic development, both of which are crucial to the stabilization of the social situation in Georgia and the improvement of the welfare of its people. We hope the international community will continue to provide IFAD with the resources and support necessary for it to carry on with its laudable mandate.

Finally, Mr Chairman and Distinguished Colleagues, please accept the assurances of our highest consideration.

Thank you for your attention.

**Statement of the Governor
for the Kingdom of Lesotho**

President of IFAD,
Director General of the Food and Agriculture Organization of the United Nations,
Executive Director of the World Food Programme,
Excellencies – Heads of Mission,
Honourable Governors,
Distinguished Delegates,

On behalf of the people of the ‘Mountain Kingdom’ and on my own behalf, I feel greatly honoured to address the Twenty-Seventh Session of the IFAD Governing Council. For those of us coming from the southern African subregion, this Session has come at a critical period of devastating food insecurity. Nevertheless, we can still put up a smile because IFAD offers us a glimmer of hope that we will be able to improve the situation.

Mr Chairperson,

Please allow me first to thank the President of IFAD and his team of experts and support staff for the excellent arrangements made to run the Council smoothly. We are very aware and appreciative of the President’s vision for the future role of IFAD as evidenced by the interactive discussion panel planned on the theme ‘Trade and Rural Development’. Such a forum will contribute to finding solutions that will enable poor countries’ agricultural commodities to enter into the global market.

Furthermore, my delegation appreciates the consultative regional round-table discussions. We hope that both forums will provide valuable contributions for improving the Fund’s strategic framework and therefore finally benefiting the rural poor whom we represent here.

Mr Chairperson,

During the recent structural and problem analysis in preparation for the poverty reduction strategy paper of Lesotho, communities ranked agriculture and rural development as the most important sector for their livelihoods. Even taking into account the drift of population to urban areas and the increase in the urban poor, 70% of the population still live in rural areas. About 83% of those in rural areas are classified as poor. Nearly all the rural population depend on agriculture to some extent. A review of off-farm activities suggests that agriculture offers the most direct route to improving livelihoods in the short term.

In this regard, agriculture remains and will remain a backbone to the socio-economic development of Lesotho. The hungry, the poor and the suffering, whose deprivation is caused by undernutrition and malnutrition, expect that our interactions at such international levels will provide lasting solutions to their grave situation. Fighting poverty at its roots in developing countries begins with improving agricultural productivity.

Let me provide this august body with a synopsis of the current agricultural situation in Lesotho. My country is faced with serious food shortages caused by the unusual rainfall patterns that have emerged in the southern African subregion. In this connection, the head of state has declared that the country is undergoing a serious food crisis. This is an emergency situation.

During last two consecutive cropping seasons, the country has experienced two extreme climatic variations. First, it had abnormally high precipitation that prevented field operations due to flooding. Then it was struck by droughts from winter through summer, which hampered cultivation of

both winter and summer crops. Because of these conditions, cropping activities have been limited during two successive seasons. This is a disastrous situation and has caused a food emergency.

Furthermore, the impact of HIV/AIDS, with an estimated 30% of our population infected, combined with the low purchasing power of most of the population, aggravates food insecurity. HIV/AIDS impacts on labour availability, sectoral investments, retention of knowledge about farming practices, the use of home gardens and the efficiency of extension services. Agricultural programmes should be formulated to suit both households affected by HIV/AIDS and those living with the disease if meaningful progress is to be made in fighting this pandemic.

Mr Chairperson,

Let me also allude to the positive and recent benchmarks that IFAD has achieved in the Mountain Kingdom. The Sustainable Agriculture Development Programme for the Mountain Areas (SADPMA) is an IFAD-funded programme. It is designed to enhance, in a sustainable manner, the productive capacity of the rural poor by identifying and promoting development opportunities that rural households can turn into viable income-generating activities.

The programme's development objective is to improve household food security and nutrition, increase farm household incomes, improve delivery of core agricultural support services responsive to felt needs, and promote and encourage meaningful beneficiary participation in programme planning and implementation.

Following the launching of SADPMA, under the small-livestock sub-component and as a result of improved shearing skills, double cutting has been reduced, and wool and mohair quality has been improved, which has led to increased income. Rehabilitation of dip tanks is ongoing and provides a good opportunity for the eradication in mountain districts of sheep scab, a disease of economic importance to Lesotho's wool industry.

The adaptive testing and small-scale seed multiplication activities have great potential for local seed production as an income-generating activity for smallholder producers. The micro-irrigation systems installed at various sites of the three mountain districts illustrate the opportunities available for simple diversion systems, and for gravity-fed sprinkler and drip irrigation technologies.

IFAD, through SADPMA, has supported the Ministry of Agriculture and Food Security with material, equipment, machinery and necessary infrastructure such as staff houses in order to improve service delivery. Our appreciation of the Fund's intervention in this area cannot be overemphasized. The lessons learned from SADPMA form a good basis for a future national programme.

Mr Chairperson,

Lesotho has experienced serious food insecurity in the last two consecutive cropping seasons. Nevertheless, my Government is pledging USD 50 000. We are pleased to report that this amount has been transmitted by the Central Bank of Lesotho to the Federal Reserve Bank of New York today, 19 February 2004.

My delegation commends the staff of IFAD for their significant accomplishments in connection with PeopleSoft, adopted to strengthen the administrative process and, of course, to reduce manual work. Although there are some delays in the human resources area, we hope that the remedial steps taken will provide a basis for progress. After a step back to adjust the programme, the organization should forge forward and complete the exercise to attain the milestones already set to produce the required deliverables.

My Government remains fully committed to tackling the underlying causes of food insecurity in the long run. The recently completed agricultural sector strategy for Lesotho embodies a clear policy for improving sector performance. The Ministry is embarking on a transformation policy that provides an overall framework within which the ministerial transformation programmes and processes should be implemented.

My Government's resolve to revitalize agriculture is explicit in its identifying food security as a key priority in its poverty reduction strategy. In response to this demand, the Government has put in place the following strategies, which will act as a road map to food security:

- development of an irrigation master plan to enable networking of irrigation infrastructure throughout the country; in preparation for this, 59 irrigation sites are being surveyed at the foothills for possible installation of simple gravity irrigation systems;
- promotion of conservation farming and water control using the catchments approach;
- development of 'bankable' agricultural projects, i.e. suitable for possible investment in the future, in order to enhance production;
- commercialization of agriculture as a means of diversifying crop production by moving towards high-value crops and creating opportunities for farmers to enter global markets;
- production and multiplication of seed varieties that are adaptable to Lesotho's conditions. This endeavour will reduce dependency on outside sources and will ensure the timely distribution of seeds to producers;
- establishment of range management areas to improve the carrying capacity of grazing lands; this strategy recognizes the considerable potential that livestock has in Lesotho, both as a source of livelihoods for the poor, and in terms of its contribution to the country's gross domestic product;
- promotion of block farming for intensive agriculture under both irrigated and rainfed conditions; this follows a consolidated effort by the Ministry to target areas or sites with predictably high potential and suitability for specific crops.

Mr Chairperson,

To translate into action these strategies for addressing food insecurity, our Government requires increased assistance from development partners. We are therefore appealing to the IFAD Governing Council to consider positively the allocation of additional resources to Lesotho for new development programmes.

Finally, my delegation wishes to commend the productive partnership that links together the Food and Agriculture Organization of the United Nations, IFAD, the World Food Programme and other regional and international institutions. This partnership signifies solidarity in the fight against hunger and poverty.

Thank you for your attention.

**Statement of the Governor
for the Kingdom of Morocco**

Chairman of the Governing Council
President of the International Fund for Agricultural Development
Governors and Delegates
Ladies and Gentlemen

It gives me great pleasure to express on behalf of the Moroccan delegation our appreciation and gratitude for the efforts which the President of IFAD and his assistants are making in order to achieve the objectives of the organization, namely: the development of rural areas, the promotion of agricultural productivity and the elimination of poverty and hunger in a framework of international solidarity.

IFAD has recently undergone positive changes in its internal methods of work through the adoption of an ambitious project that employs information technology for the streamlining of management practices, the consolidation of development projects and the promotion of IFAD productivity.

We wish to thank IFAD for the technical support it has been extending to countries and territories suffering from desertification and its close collaboration with them within the framework of the Global Mechanism of the United Nations Convention to Combat Desertification. This Global Mechanism, housed by IFAD, is playing a major role in combating desertification and preventing land deterioration and has, together with a number of international collaborating institutions, demonstrated great interest in supporting the National Programme of Action to Combat Desertification (PAN).

We pride ourselves on the pioneering, coordinating role IFAD plays with regard to such mechanisms and programmes and, at the same time, look forward to further support and cooperation for the consolidation of development activities and for PAN-related projects.

Ladies and Gentlemen,

Many IFAD projects focus on rangeland management, on the promotion of sustainable land- and water-use methods and on land deterioration prevention. It was against this background that the Livestock and Rangelands Development Project in the Eastern Region – Phase II was launched. This phase of the project, which is financed by both IFAD and the Government of Morocco, will seek to meet the needs of small livestock breeders.

In the design and formulation of these projects, it is to be noted that IFAD adopted the approaches used in drawing up the Moroccan Strategy for Agricultural and Rural Development. These approaches are both innovative and participatory.

Mr Bâge's proposal for the discussion of trade and rural development is a very important initiative. It requires that we consolidate our efforts to organize domestic markets so as to help farmers promote their agricultural products and form specialized cooperatives for the marketing of such products, the improvement of farmers' income and the reduction of the role of commercial intermediaries.

Ladies and Gentlemen,

Allow me to recall that Morocco has developed a long-term rural development strategy through 2020. This strategy integrates rural and agricultural development and aims at the introduction of reforms and the initiation of new directions in the agricultural sector. These new directions include

the consolidation of hydro-agricultural structures, improving production chains, raising the quality of outputs, strengthening the technological base through training and development of human resources, promoting agricultural research, encouraging professional associations and continuing with economic, legal and institutional reforms. In striving to achieve this, Morocco will seek to consolidate cooperation with all its partners in general and with IFAD in particular.

Let me finally express my sincere wishes for the success of our work.

Thank you.

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

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

It is an honour for me to be here on behalf of the Governor for Thailand, Mr Banphot Hongthong, Permanent Secretary of the Ministry of Agriculture and Cooperatives of Thailand, and to represent the Royal Thai Government at the Twenty-Seventh Session of the IFAD Governing Council.

The purpose of my brief intervention is to share with you the policy of the Prime Minister, Dr Thaksin Shinawatra, in the fight against poverty.

“War on poverty” is one of the priorities of the Government of Thailand. Our goal is to eradicate poverty from our country within six years.

Poverty in Thailand is concentrated in rural areas, where landlessness is still a critical agrarian issue.

The lack of land ownership results in insecurity of tenure, lack of opportunities to access capital and a higher incidence of rural poverty.

In order to enable Thai rural poor to overcome their poverty, the Thai Government recently initiated the Asset Conversion Programme with the aim of facilitating farmers’ access to capital.

Under this programme, millions of poor farmers can gain legal access to government-owned land and use it to generate sufficient capital to support their agricultural activities.

The Government also plans to permit bank loans to be made on five new types of assets.

The assets that farmers may use in the future as collateral to obtain government loans will comprise: limited rights to land, rental rights, intellectual property rights based on local wisdom, machinery rights and rental rights to public land.

State banks will play the leading role in the project; however, commercial banks are expected to follow.

This programme is intended to foster greater land use and capacity for wealth creation. It is expected to become operational in the first half of 2004. The central coordinating office has already been established as the Bureau of Assets Capitalization within the Office of the Prime Minister of Thailand.

Under this programme, agriculture continues to be a major source of revenue generation. This is very important to Thailand, since agriculture has traditionally been the mainstay of life, work and income for the majority of the Thai people.

Thank you.

**Statement of the Acting Governor
for the United States of America**

Mr President,
Mr Chairman,
Governors and Distinguished Guests,

It is my pleasure to represent the United States at this Governing Council. As we begin the Sixth Replenishment period we have reason for optimism about the future of IFAD. Together, we have worked hard in recent years to put in place policies and programmes that should enable IFAD to deliver resources to the rural poor more effectively and accountably, as reflected in the IFAD-6 policy reforms. The United States remains a strong supporter of IFAD, and we accept with all of you the challenge to maintain our efforts to improve the institution's capacity to reduce poverty and increase growth among the world's poorest rural citizens.

I would like to express our appreciation to the management and staff of IFAD for their extraordinary efforts over the last year to begin implementing the IFAD-6 agreement. They have shouldered a heavy workload and responded commendably to the membership's ambitious agenda for change. While the work is not yet finished, there has been important progress on many key issues.

Agreement was reached on a framework for allocating resources to countries based on performance, so that assistance is targeted at its most effective uses. A policy was adopted to increase grants to 10% of assistance, helping to make aid more effective and avoid higher debt burdens. We agreed on a framework for results measurement so that we will know better the outcomes and impacts of IFAD projects. We established an independent evaluation function so that reports would come directly to the Executive Board, enhancing credibility and objectivity. The first truly external evaluation of IFAD is underway to provide members with a comprehensive picture of IFAD's performance and results in advance of the Seventh Replenishment negotiations. Surely we need to maintain our focus on the serious work remaining ahead of us – including a strategy for deeper engagement with the private sector and further improvements to Country Strategic Opportunities Papers (COSOPs) – to achieve fully implementation of these and other important tasks. We cannot afford complacency, but that this is a solid record of accomplishment for one year cannot be gainsaid.

Taken together, these initiatives reflect several bedrock principles that must guide IFAD as an institution in the future: promoting private-sector led growth in a market-based environment, allocating resources effectively, focusing on project effectiveness and measuring results, and holding its partners and itself accountable in a transparent manner. As a relatively small institution devoted exclusively to the rural poor, IFAD has created a niche as a project-based institution, deploying its scarce resources to individual projects in often remote rural communities, with a focus on innovation. This approach has proved appropriate – a kind of *raison d'être* for the institution – and by applying these bedrock principles to this project-centric approach, it should be able to deliver concrete results in a replicable way.

We look forward to the year – and years – ahead, as we further our endeavours to maintain IFAD's record as a leader in rural development.

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

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

It is my great pleasure to be accorded an opportunity to speak at this important annual event, the Twenty-Seventh Session of the Governing Council of IFAD. Zambia, being one of the Members and a beneficiary of IFAD's support, joins other countries in recognizing the importance of this meeting. Our participation reflects our country's commitment towards IFAD's work and aspirations.

This is a time of escalating challenges such as poverty reduction and of growing hopes for a bright future for humanity at large. The international community is now passing through a critical stage in view of the recent world developments related to globalization and economic liberalization.

The opportunities and challenges arising from such developments are not confined to political, economic, social and cultural aspects but are also gaining growing importance in several sectors, especially agriculture, which has the task of balancing between trade liberalization in agricultural commodities, on one hand, and protection of small-scale farmers in the fulfilment of food security, on the other.

Moreover, the world population is expected to increase, placing a major burden on the international community in the sense of doubling agricultural production, alleviating poverty, and realizing food security and environmental protection.

Three quarters of those living in abject poverty reside in rural areas. Accordingly, it is now necessary that rural development should be a high-priority issue on the world community agenda.

In view of the foregoing, IFAD's activities have gained an increasing importance in assisting developing countries in fulfilling their hopes of eliminating hunger, alleviating poverty in rural areas and facing the adverse effects of economic liberalization policies.

The relationship between IFAD and Zambia has played an important role in achieving some development in the field of agriculture in the country. This has been effected through the Fund's initiative to finance projects that served the objectives of the Zambian agricultural development plan and were compatible with the government socio-economic plan of orientation in expanding agriculture and improving food security.

The core of IFAD's strategy in Zambia has been to address problems of food insecurity. Its support has been directed towards improving food security and strengthening services for the benefit of resource-poor households as well as improving their access to markets. As a result of this support, the food security of vulnerable families is improving and has contributed greatly to poverty reduction.

The partnership of IFAD and the Government in implementing projects in Zambia has yielded not only mutual economic interests but has also contributed to bringing about new approaches in the agricultural sector aimed at empowering local communities.

This is being done in line with the Poverty-Reduction Strategy Programme (PRSP). The main thrust of the PRSP is to identify programmes that will contribute to poverty reduction among the poor,

especially in the rural outlying areas of the country. The Zambian Government appreciates this partnership with IFAD.

The country is also grateful for IFAD's decision to participate in the International Monetary Fund (IMF)/World Bank Debt Initiative for Highly Indebted Poor Countries (HIPC), for which Zambia qualified. The resources made available through the debt initiative have gone a long way in supporting poverty-reduction efforts.

It is my hope that IFAD will take part in the poverty-reduction initiatives Zambia is pursuing, as already indicated in the document sent to us on future areas of cooperation. It would like to become a more important partner in our Government's rural development efforts to eradicate rural poverty. IFAD is currently exploring the possibility of supporting a long-term initiative to strengthen rural poor people's access to rural financial services, and over the medium-term, is considering other areas for possible support such as natural resource management, including water management and livestock services, and particularly veterinary services.

I would like to call upon the Fund to support this noble task so as to enable Zambia to contribute positively to the realization of the vision of poverty alleviation by 2015. As part of our future implementation strategy, we would like to consolidate the lessons and experiences gained in programmes funded by IFAD and other cooperating partners.

I would therefore like to acknowledge the efforts that IFAD is making in promoting participatory approaches in agriculture to foster development. It is our view in Zambia that unless resource-poor farmers fully participate in programme development and implementation, no meaningful and sustainable development will take place.

As a country, we would like to express our support and backing of the Fund's effort in implementing new initiatives in agricultural development, especially the new initiative of gender strengthening. The initiative of incorporating gender into the Fund's programmes is a very good one, because it will help men and women understand their roles and the activities they are supposed to undertake in agricultural development and to further reduce poverty.

As I conclude, may I once again express my Government's gratitude to IFAD for making funds available for development in Zambia. IFAD has clearly demonstrated its commitment to develop agriculture and, in turn, reduce poverty. As a country we are looking forward to new areas of cooperation within the framework of the PRSP.

Thank you.

**Statement of the Representative of the
Arab Authority for Agricultural Investment and Development**

Mr Chairman,

Allow me first to express our gratitude and appreciation for inviting the Arab Authority for Agricultural Investment and Development (AAAID) to participate in the Twenty-Seventh Session of the Governing Council of IFAD.

I would also like to take this opportunity to commend and praise the role played by IFAD in taking the lead and assisting in the efforts to fight poverty and help the rural poor.

As you may know, AAAID was established more than twenty-five years ago, as an Arab intergovernmental organization.

Its mandate is to contribute to the efforts of enhancing food production through a dual role of investment and development in the agricultural sector.

We believe that AAAID's association with IFAD will certainly promote the efforts to reach our objectives.

I would like also to seize this opportunity to express our satisfaction with the fruitful association between the AAAID and IFAD and our anticipation at further developing this partnership.

The theme chosen for this session is very important because of the strong association between trade and rural development. Indeed, the paper presented on this subject is a comprehensive one. It contains very relevant and constructive ideas and as such it deserves our appreciation and thanks.

It emphasizes very important conclusions, among which, the necessity to enhance the competitiveness of the rural poor, so they can benefit from integration into the trade system. In this regard, we are pleased to put forward the following points.

First, as part of its efforts to mobilize resources for rural development, we suggest that IFAD explore the possibility of establishing a mechanism of cooperation with regional development funds.

We also propose that the future partnership of IFAD with the private sector be enlarged to include other welfare organizations working in rural areas.

Third, AAAID recently succeeded in introducing a new agricultural technology to the region and adapting it to small farmers in rainfed areas. This technique proved successful in achieving a high level of productivity for small farmers and consequently enhancing their competitiveness.

We are seeking IFAD support to disseminate this technique to other farmers in the region and outside.

Thank you.

Statements and Special Addresses



H.E. Blaise Compaoré,
President of Burkina Faso



Mr Lennart Båge,
President of IFAD



Mr Jacques Diouf,
Director-General of FAO



Mr Jean-Jacques Graise,
Deputy Executive Director, WFP

CHAPTER 4

STATEMENTS AND SPECIAL ADDRESSES

**Welcoming Statement by the President of IFAD,
Lennart Båge,
on the Occasion of the Visit of
His Excellency Blaise Compaoré,
President of Burkina Faso**

Mr President,

I have the pleasure and privilege of welcoming Your Excellency to the Twenty-Seventh Session of the Governing Council of IFAD. Allow me, on behalf of all the Member States of IFAD, to express our sincere appreciation to you for having accepted to inaugurate today's session.

Throughout your long and distinguished presidency, you have been at the very forefront as a leader focusing on development in the face of extreme poverty and deprivation. The country strategies introduced under your leadership have effectively targeted core problems and concentrated on reaching the poor and vulnerable.

With over 20 years of experience in working together as development partners, IFAD has had the opportunity to work hand in hand with the Burkinabés in a combined effort to foster sustainable rural development. We at IFAD are proud of this collaboration and intend to continue working with you, Mr President, and with the people of Burkina Faso.

As a strong voice for Africa, Your Excellency has expounded the continent's potential and placed faith in the human and natural resources that Africa possesses, both of which still underutilized. Today's Africa not only evokes gloom and despair but also hope and possibility. A hope that we in IFAD share with you, Mr President. A hope that sees an end to rural poverty, an end to food insecurity and a brighter future for the generations to come.

Mr President,

Your leadership has proven the importance you place in rural development, and the determination and courage with which you confront the problems that beset the rural poor.

Allow me, once again, to express our gratitude for your presence here today. Your words have inspired many of your peers in developed and developing countries the world over, and it is therefore with pleasure that we look forward to your address.

**Inaugural Address by His Excellency Blaise Compaoré,
President of Burkina Faso**

Mr President of IFAD,
Presidents of Other Institutions,
IFAD Governors,
Distinguished Guests,
Ladies and Gentlemen,

It is indeed a great pleasure for me to address this Twenty-Seventh Session of the Governing Council of the International Fund for Agricultural Development.

Allow me to begin by expressing my deep gratitude to the President of IFAD, Mr Lennart Båge, for the honour bestowed upon my country and upon Africa by inviting me to take part in this important meeting of IFAD.

I would like also to commend the officers and senior management of IFAD for their unflinching commitment to promoting solidarity among peoples and to fostering multilateral cooperation for the benefit of the rural poor.

Ladies and Gentlemen,
Distinguished Participants,

The spectre of poverty that looms so heavily over the developing world serves as a constant reminder of the need to redouble our efforts in order to ensure success in the global fight against rural poverty.

In these early years of the 21st century, poor nations – and especially those in Africa – face a very uncertain future.

Despite Africa's vast potential and assets in such strategic raw materials as oil, uranium, iron, copper, cocoa, coffee and cotton, coupled with a unique wealth of flora and fauna and a very sizable young population, it continues to be the poorest among the continents, notwithstanding four decades of numerous development projects and programmes.

A few indicators suffice to show how Africa has continued to lag behind other regions of the world.

In 1960, Africa accounted for 10% of world trade. Today it accounts for only 2%. In 1990-92, roughly 20% of the world's undernourished population and 19% of the world's people living on less than a dollar a day, lived in sub-Saharan Africa. By 2015, those percentages are expected to rise to 34% and 46%.

The poor performance of Africa's agricultural sector stems in large part from the inequalities and inequity that pervade international relations, especially in the global trade of agricultural commodities, where Africa has an almost negligible role in decision-making.

While it is true that the rules and mechanisms established by the World Trade Organization (WTO) to ensure fairer and more equitable trade at the global level were welcomed by all, it is also true that the countries of Africa and other relatively less developed countries have been the object of unequal treatment in the implementation of these rules by WTO member countries.

To align themselves with international rules and standards, the countries of Africa, whose economies are still very fragile, have embarked on adjustments aimed at enhancing their competitiveness and their participation in the global market.

These reforms, undertaken within structural adjustment programmes, have allowed those countries to place their economies on a sound footing and create an enabling internal environment for the development of production subsectors that hold potential for sustainable growth.

Regrettably, the positive impact of these reforms on our economies has thus far been virtually cancelled out by the fact that a number of WTO member countries have continued to subsidize their agricultural sectors through a variety of means, in direct contradiction with the basic objectives of WTO.

By way of example, in 2001 alone, wealthy countries – as part of their policies to support agricultural sectors – granted six times more in subsidies to their farmers (USD 311 billion) than they earmarked for development aid (USD 55 billion).

Subsidies given to cotton producers in some WTO member countries exceed 60% of Burkina Faso's total gross domestic product.

Obviously, such practices give the farming sectors of wealthy countries an unfair and uncompetitive advantage over developing nations such as ours.

These subsidies have triggered negative economic and social shocks in many African nations, although most harshly in those where cotton production is a strategic element of national development policies and poverty reduction programmes.

The livelihood of over ten million Western and Central Africans depends directly on cotton production, and several million more are affected indirectly by the price distortions that production and export subsidies for this commodity create on the global market.

Subsidies to producers in the northern hemisphere artificially inflate the supply on international markets and push export prices down.

To cite an example, in 2001 Burkina Faso lost 1% of its gross domestic product and 12% of its export revenue to cotton subsidies.

Against such a backdrop, we – the leaders of our countries and our peoples – are duty-bound to rethink our strategies and methodologies if we are to improve the performance of our economies and attain the development objectives that we ourselves have set for the third millennium.

The lingering doubts and uncertainty that loom over us as we embark on this new century must be dispelled so that we can move ahead with confidence and resolve. To do so, leaders around the world need to move beyond complacency and show their courage and determination by decrying the skewed distribution of the benefits of growth between rich and poor countries, and strongly condemn the inappropriate use of mankind's wealth to fuel the industry of war and destruction.

When our nations created IFAD over 25 years ago, the fight against hunger and rural poverty stood out as the largest challenge to mankind. Today, it remains every bit as much a challenge.

While the daily food requirements of over 900 million people (including 200 million children) are left unmet each day, a number of countries of the Organisation for Economic Co-operation and Development are subsidizing their farmers to stop producing food or to stifle agriculture among peasant farmers in the southern hemisphere.

In Burkina Faso, the rural sector accounts for roughly 40% of gross domestic product and over 70% of the country's export revenue. It also employs approximately 85% of the economically active population.

Mindful of this situation, over the past decade the Government has launched a series of structural and sectoral reforms to lay a new foundation for sustainable economic growth, raise the standard of living of all Burkinabes and foster a strong, competitive agricultural sector.

The progress made thus far has been noteworthy, thanks to the efforts of the Government with support from its partners and to the courage and hard work of the rural population.

Despite these advances, the country's economic foundations remain fragile. The economy lacks competitiveness and is highly dependent on external resources.

To address these serious constraints, my Government recently adopted a new rural development strategy to serve as the cornerstone of the national economy.

Rural development, which includes ensuring food security as one of its main components, is viewed in Burkina Faso as an integral part of human security.

Guided by this overarching principle and bearing in mind our past experience and our potential, we have placed agricultural production at the core of our rural development policy. The policy's main thrusts are structured around the following objectives:

- ensure food security by creating an enabling environment for universal access to an adequate and balanced food supply;
- significantly reduce poverty by tapping productive potential, boosting family incomes and creating new job opportunities in the rural milieu;
- effectively ensure the supply of drinking water to all citizens of Burkina Faso;
- match production increases to market demands;
- promote sustainable development through rational natural resource management; and
- improve the economic situation of rural women and young people.

The launching and success of this strategy presupposes a strong political will but also the support of the international community. I call upon you to back us in pursuing the objectives of this ambitious programme.

This forum affords me an opportunity to thank, once again, all our development partners for their unflagging support of my country's development efforts, especially IFAD, which in 20 years of cooperation has invested over USD 100 million in the rural development of Burkina Faso.

Indeed, IFAD's work in Burkina Faso has benefited many spheres of activity.

I wish to acknowledge the crucial role played by IFAD these past decades in fostering the economic development of the rural poor by helping to make their work more productive, formulating strategic frameworks for poverty reduction and implementing important programmes for intensification and diversification. I also wish to acknowledge that many poor countries are now calling on IFAD to fulfil its role downstream as well.

Many unique opportunities for business and productivity gains exist downstream of agricultural commodity production in such areas as processing, storage and marketing, and can help to boost the incomes of rural residents and bring them into the market.

Conditions need to be created for a partnership that will allow national operators to benefit from technical innovations and the knowledge they need in order to modernize and mainstream their activities into modern marketing circuits.

I therefore invite IFAD, as part of its efforts to strengthen its work in poor countries, to set aside a portion of its portfolio to finance economic activities aimed at the processing and value-enhancement of local products, which I am convinced hold potential for improving the competitiveness of poor countries on the global market.

In a world where the future belongs undeniably to the big players, our nations must look beyond national interests and work towards better integration of their economies.

On the African continent, and especially in the majority of countries that lie south of the Sahara, the economic crisis has engendered grave distortions that pose a constant threat to the future.

The numerous difficulties facing these countries, still in the throes of political and economic changes, clearly show that the prerequisites for peace and stability of nations reside first and foremost in balanced development that can ensure, *inter alia*, food security for the population while providing the necessary tools for them to rise out of poverty and underdevelopment.

Poverty and food insecurity are recurrent scourges not just in Africa, but also throughout the world and need to be eradicated without delay if we are to uphold the respect of human rights, peace and democracy.

The condition *sine qua non* for meeting the challenge of this century is the consensus already secured at the Millennium Summit and embodied in the Millennium Declaration. One of the declaration's main objectives is to halve, by the year 2015, the number of persons suffering from hunger and poverty in the world.

A second condition concerns the specific actions to be undertaken in the fight against poverty.

Recent studies by experts have indicated that each dollar spent on agricultural production generates two dollars for the national economy. This finding confirms the pivotal role that the farming sector should play in the fight against poverty in developing countries. It also confirms the soundness of the decision to create IFAD and the relevance of its mission.

Progress in the agricultural sector of developing countries, especially those in Africa, will hinge upon special attention being given to the following issues:

- rural financing through the development of microfinance and rural credit accessible to rural producers, most of whom are poor;
- land tenure security through access to land for all social strata;
- access to new technologies for poor countries so they can boost agricultural productivity and provide added value to agricultural products through processing and better storage; and
- the fight against HIV/AIDS, which represents an ongoing threat to the rural producers who drive the economies of most poor countries.

I would like to take advantage of this forum to pay special tribute to the women of the world – especially to those who live in rural areas – for their courage, their commitment and their resolve in the fight against hunger and poverty.

In this connection, I would also like to commend IFAD on the gender approach that it pursues in the development programmes it supports.

As we know, women account for over one half of the population of virtually all our countries. Their role in production and in reproduction makes them the uncontested protagonists of the family economy.

At the same time, there is no denying the inadequacy – and on occasion the inexistence – of appropriate, effective strategies that reflect women's true contribution to the development process.

In other words, promoting women in the development process is not just a matter of equity. It is a vital necessity.

Indeed I am convinced that there can be no sustainable development in our countries without the full and total participation of women, especially rural women.

Accordingly, one of the challenges of the third millennium will be to improve the legal, political, economic and social status of women so that they may take charge of their own destiny.

Before closing, I would like to express, personally and on behalf of all the hard-working peoples of Africa, my heartfelt thanks to the officers and senior management of IFAD, and to all the cooperation partners who support that institution, for this invitation and the honour bestowed upon the entire African continent, especially Burkina Faso.

Together, let us make IFAD an even more effective instrument in the fight against rural poverty and in the cooperation and integration of the economies of our nations.

May IFAD, international cooperation and solidarity among peoples continue to be with us at the forefront of our concerns for years to come!

**Statement of Appreciation by
the Governor for the French Republic
on behalf of the Member States of IFAD,
for the Inaugural Address by
His Excellency Blaise Compaoré,
President of Burkina Faso**

Mr President,

It is a special honour for me to convey, on behalf of the Member States of IFAD, our sincere appreciation to you for delivering the keynote address at this Twenty-Seventh Session of the Governing Council.

Your presence here is testimony to the critical role IFAD plays in the fight against hunger and poverty, and your edifying words have set the tone for the discussions that the Governors will engage in during this Session.

It is important that we hear first-hand the voices of leaders such as yourself, who bring us not only direct knowledge of the needs of the poorest nations but also a vision of the way forward. As Your Excellency so rightly points out, in this era of globalization our nations' leaders are duty-bound to look beyond geographical borders and to work towards international cooperation and solidarity for the benefit of all, as you do.

I would like to touch upon three items from your very insightful address, Mr President. You began by stressing the need for equality in international relations, especially in the global trade of agricultural commodities. This issue is crucial to Burkina Faso, but it is also crucial to all Africa and to the 900 million people living in rural poverty around the globe. Your commitment and dedication to giving a voice to their plight are especially praiseworthy, and we acknowledge them as part of the effort to achieve the Millennium Development Goals. We must work together to find ways of securing Africa's position in the global marketplace.

Allow me to continue, Mr President, by noting that your presence here today bears witness to the esteem and respect that Burkina Faso has for IFAD, and I assure you that these sentiments are mutual. IFAD has long lent – and will continue to lend – its unflinching support to your country. However, these ties are not just with Burkina Faso, but with all Africa; and it is through your person that the Member States extend their greetings today to all Africa. You are aware of the importance that IFAD, in accordance with its mandate, accords to Africa. Nearly one half of the organization's resources are channelled in support of the continent. I feel I can thus safely say that the Member States are indeed committed and attached to Africa. You noted that IFAD continues to reform its management, but I assure you, Mr President, that Africa must and will remain a priority for IFAD during and after these reforms. In these efforts, France will naturally continue to play a special role.

Your observations on the cotton sector merit special attention, Mr President. Cotton was a central topic of discussion at the Fifth WTO Ministerial Conference held in Cancun, and some felt it was one of the reasons the negotiations ended in an impasse. Impasses, however, sometimes hold lessons for the future, and we feel we need to work together on this issue to find innovative solutions for a sector that is vital to the development of your country and of many other countries in Africa.

Finally, Mr President, allow me to thank you for your thoughts on the important role of women in development. I do not say this only because I am especially sensitive to the issue. I feel that today there is acknowledgement, at the economic level, of the direct link between women's place in the economy and the development of these countries. You have reminded us of this today, and IFAD – a

recognized pioneer in this area – should continue to give due attention to this essential element in its programmes.

Mr President, I thank you once again for your words here today and for the encouragement you have given us so we may persevere in the work begun over 25 years ago, when IFAD was founded for the purpose of serving the very poorest of the rural poor.

Thank you, Mr President.

**Message of the Secretary-General of the United Nations,
Mr Kofi Annan,
delivered on his behalf by the
Chairperson of the Governing Council,
His Excellency Guido Mantega**

Dear Friends,

I am happy to send my greetings to the Governing Council of the International Fund for Agricultural Development.

The importance of rural development is now widely recognized. It was the subject of the Ministerial Declaration issued by the High-Level Segment of the Economic and Social Council last summer, at which I myself stressed that rural development has to be brought to the centre of the development agenda. Three quarters of the 1.2 billion people classified as extremely poor live in rural areas, and depend on agriculture and related activities for their livelihoods.

IFAD, which like the rest of the United Nations system is committed to helping Member States achieve the Millennium Development Goals, has a specific mandate to reduce rural poverty. Throughout its 26 years, it has focused on helping rural poor groups such as smallholder farmers, poor herders, fishermen and, above all, poor women to increase their productivity and incomes. IFAD has helped raise awareness of the importance of agriculture and rural development, and has provided many useful insights into the institutional and policy framework needed to help reduce rural poverty more rapidly.

We must now work to increase the resources allocated to agriculture and rural development, and put in place policies that will allow the rural poor to benefit from the opportunities opened up by domestic liberalization and the challenges of globalization.

The rural poor can do so only if they have a fair opportunity to compete in world markets, and therefore they have a vital stake in the success of the Doha Round of trade negotiations.

I would like to commend IFAD for highlighting the importance of an open international trade regime for poor farmers, whose interests and needs are all too often overlooked. Your discussions at this Governing Council on the theme of trade and rural development will, I am sure, bring forward new insights into this critical topic.

Achieving the Millennium Development Goals presents a complex and ambitious challenge. All entities in the United Nations system are working increasingly closely together at it, within their different mandates – harmonizing their programmes and processes, and making their operations mutually supportive and reinforcing. In this context, I would like especially to commend Lennart Båge for the leadership he has given to the High-Level Committee on Programmes. This committee, established by the United Nations System Chief Executives Board for Coordination, is the principal body where different parts of the United Nations system can share ideas on policies and programmes, and develop common approaches.

All of us are working to improve the lives of the poor. I am sure your discussions will be guided by the desire to make an important contribution to that aim.

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

Mr Chairman,
Distinguished Governors,
Ladies and Gentlemen,

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

We are honoured to have among us the President of Burkina Faso, His Excellency Blaise Compaoré. His wise and courageous leadership of the country has made him one of the most eloquent spokesmen for Africa's perspectives, especially on international trade issues.

It is always a pleasure to welcome our colleagues from our sister agencies in Rome, Jacques Diouf, Director General of FAO and Jean-Jacques Graisie, Deputy Executive Director of WFP. Their presence reminds us of the strong complementarity, and close and growing cooperation, among our three agencies.

Mr Chairman,

This last year has seen considerable turbulence in international affairs but also a growing awareness of the underlying problems that lead to conflict and terrorism. It is now clear that the existence of mass poverty, with hundreds of millions of people trapped in a cycle of deprivation, hunger and vulnerability, cannot provide a stable and peaceful international order. Poverty on this scale is a matter of security as much as humanity.

The Millennium Summit and the Millennium Development Goals have inspired most development agencies to adopt poverty reduction as one of their principal aims. Yet few of them give priority to rural areas where the majority of the poor live. Nine hundred million of the world's 1.2 billion extremely poor live in rural areas. They are smallholder farmers, herders, landless labourers, indigenous people and others that depend on agriculture and related activities for their livelihood. A high percentage of them are women and girls. To achieve the MDGs, the pace of rural development must rise sharply. In most low-income countries, this means that the smallholder farm sector must become more productive and dynamic.

IFAD is one of few development institutions to focus explicitly on rural poverty and, in particular, on helping producers raise their productivity and incomes and work their way out of poverty. In the rural sector of many low-income countries, the Fund is a major source of financing, and in some countries, especially in sub-Saharan Africa, IFAD is the most significant source of multilateral support for agricultural and rural development.

Thus, while most development agencies now concentrate on poverty, they do it differently and in complementary ways. IFAD's focus on helping the rural poor raise their productivity and output harmonizes well with the larger IFIs and other UN agencies that support infrastructure, health, education and capacity-building.

Mr Chairman,

There is today a growing awareness of the importance of rural development and agriculture in achieving the MDGs. The G8, at their summit last year, emphasized that "we deem it necessary to increase productive investment in rural and agricultural development". Countries like Canada are

enhancing support for agricultural and rural development. For their part, developing countries are giving renewed attention to agriculture and the rural sector. The African Union, at its last summit, pledged to increase budget allocations to agriculture to 10 per cent. The New Partnership for Africa's Development, NEPAD, is giving special priority to agriculture. At IFAD we are working closely with NEPAD to support its efforts to promote rural development in Africa.

For the first time, the High-Level Segment of ECOSOC last year was devoted to the theme of rural development. In opening ECOSOC, the Secretary-General, Mr Kofi Annan, underlined the new global partnership for development, emphasizing that "All this can happen only with a real commitment to bring rural development back to the centre of the development agenda".

As recognition of the *centrality* of rural poverty has grown, attention has concentrated on ways to foster conditions in which smallholder farmers can increase their productivity and output. There is now over forty years of experience in promoting development. Perhaps the most important lesson we have learned is that we must listen to the poor, and that the poor must lead their own development.

For this they need secure access to land, water and other assets, more productive, sustainable technology, accessible and effective markets and supportive institutions. Most importantly, they must be able to organize themselves and gain a stronger voice in local and national decision-making.

The world faced by the poor is changing, offering new opportunities but also new risks. Far-reaching reforms adopted by many developing countries mean that investment decisions and prices are determined by market factors rather than governments or public institutions. Moreover, as the background paper for the Governing Council Panel on Trade and Rural Development brings out, local and national markets are increasingly linked to global markets.

Look at what has happened in recent years to coffee and cocoa prices and their consequences for poor farmers in Latin America and Africa. Look at cotton. We've just heard the eloquent and moving words of President Compaoré in his description of the serious effects of subsidies on poor cotton farmers in Burkina Faso and other African countries.

High hopes have been placed on the Doha Development Round. A key aim of the Doha Round is to create a level playing field for developing countries by addressing trade restrictions and subsidies on agricultural commodities.

Success in the Doha Round is vital, as it will open new market opportunities for smallholder farmers. But as the panel paper stresses, to take advantage of these opportunities poor farmers will need to increase production and move up the value-chain through processing, packaging, labelling, quality control and better marketing. The challenge before the development community is two-fold.

First, it is to finance programmes that directly help poor rural groups raise productivity and engage effectively with market agents to draw full benefit from their higher production. Second, we need to build on the knowledge and insights gained from them to trigger wider policy and institutional changes to mainstream poverty reduction in today's market-based economies. In other words we need to complement strong micro foundations with effective macro approaches to reduce poverty rapidly.

This is a challenge to which IFAD intends to respond fully.

Mr Chairman,

Over the last three years, we have taken significant initiatives to enhance both the strategic policy context of IFAD operations and to improve our internal systems to deliver the highest impact in a cost-effective way. The Strategic Framework, the regional strategies and COSOPs, together with

the action plans for the Fifth and Sixth Replenishments, have strengthened the Fund's strategic approaches to poverty eradication. They have also given us the means to engage in dialogue on poverty reduction.

Last year IFAD provided some USD 435 million in loans and grants. These interventions will directly reach about ten million poor men and women, many in sub-Saharan Africa, which remains the most challenging area for poverty reduction. In the coming years we would like very much to raise IFAD's lending level significantly to reach many more of the rural poor. This will enable us to make full use of IFAD's capacity to develop innovative interventions in support of the efforts Member States are making to eradicate poverty.

I saw for myself, during a visit to Ethiopia last year, how these projects can change people's lives. The Special Country Programme has made it possible for farmers like Kenem Demisse, in the Oromia region, to grow three crops a year. Now, instead of just one crop of maize, she grows peppers, tomatoes, beans and other vegetables for her family and to sell in local markets. This earns her cash income to improve her house, buy fertilizer and seed and pay for schooling and health care.

Another important innovation has been water harvesting from mountain springs to provide safe drinking water in villages like Offa in the Southern Region. Before, villagers like Almaz Konse had to fetch water from several kilometres away, and the water was not safe. Now she has clean, safe water in her own village, a revolution in her life.

The Pastoral Community Development Project in Ethiopia, approved last year, builds on these previous efforts to help smallholders diversify their production. The new intervention will provide 450 000 poor herder households the opportunity to grow crops and undertake non-farm activities in addition to livestock growing. This project, developed jointly with IDA, is located in four regions in which frequent and severe droughts have depleted livestock holdings and lack of social and economic services has eroded health and productivity.

The project is completely demand-driven. The beneficiaries will themselves choose the investments to be made and the economic activities they will pursue. Droughts and disasters unfortunately are never very far from the lives of poor people in this area. An important feature of the new project is an early warning system, together with disaster contingency planning. The latter will allow rapid responses from project funding and, perhaps more importantly, from other sources of emergency relief when the next drought strikes.

The resource-poor areas in which many poor farmers and herders live are at serious risk of desertification and land degradation. The Fund's extensive experience in supporting programmes for sustainable poverty reduction in such areas led to its selection to host the Global Mechanism of the UN Convention to Combat Desertification. IFAD is now also an executing agency of the Global Environment Facility, which strengthens its role in fighting land degradation. IFAD and the other members of the Facilitation Committee including the World Bank, UNDP and the regional development banks, have helped the Global Mechanism develop an ambitious business plan. The aim is to help Member States develop action plans to combat desertification and to mobilize the resources to implement them.

In many rural areas, poor roads and weak markets remain a major problem, and the income farmers receive suffers considerably from the lack of nearby markets and difficulty in accessing national or external markets. I saw the effects of this in Ghana. There, poor farmers using improved varieties had raised cassava production by 60%. But the local markets could not absorb the increased production and prices fell sharply, depriving these farmers of much of the benefit of their hard work.

So increased production is the starting point, but accessible and efficient markets are equally important to give the poor a ladder out of poverty.

Take the case of a programme approved for Guatemala last year, the National Rural Development Programme. The thrust of the programme is to empower poor farmers and landless labourers, many of whom are indigenous people, often a forgotten group of the poor, by creating the conditions for them to increase productivity and enter the mainstream of national development. The intervention will help smallholders and other rural producers link with agro-processing firms, wholesalers and other market agents to enable them to access national and even external markets.

This programme and comparable IFAD-supported interventions in El Salvador, Honduras and Nicaragua are generating important insights on the adequacy of the policy framework. Drawing on these, a dialogue will be undertaken with the Guatemalan Ministry of Agriculture to help shape effective institutions and policies for rural development and poverty reduction and to support the Government's decentralization strategy.

Mr Chairman,

In our experience policy dialogue is most effective when firmly based on field experience. Working with beneficiaries, borrowing governments, civil society and the private sector in designing projects is itself a form of micro policy dialogue to develop new approaches and models.

In the Nampula Fisheries Artisanal Project in Mozambique, for instance, a need was identified to modify legislation governing the mesh size of the fishing nets that were legally permitted. The project also helped persuade the Government to increase the exclusion zone for industrial fishing to three miles instead of one. In The Sudan, as a result of the Gash Regeneration Project, the Government has developed a new legal framework for land access and the size of holdings, particularly important in this flood-irrigated zone that is susceptible to overuse and degradation.

Rural finance provides another example. The effectiveness of self-help groups, pioneered in the Fund-supported Tamil Nadu Women's Development Project and the Maharashtra Rural Credit Project in India, has led to self-help groups being adopted by the Government as a core element in the country's antipoverty programmes. More generally, our experience in fostering microfinance institutions has led us to work with many countries to develop regulatory and legislative frameworks for rural finance systems.

Access to secure land rights has emerged as a major issue for rural poverty reduction. In IFAD we host the International Land Coalition, a unique entity that brings together civil-society organizations and multilateral and bilateral development agencies. The Coalition is supporting initiatives in several countries that utilize a variety of mechanisms for land reform. It also serves as a network to share knowledge on best practices in this critical area.

Developing effective models that allow poor rural producers to engage successfully with the market is now, I believe, especially important. Recognizing the growing role of markets in the economic life of poor rural producers should not mean *laissez faire*. In fact, there is a greater responsibility on governments and their external partners to shape supportive institutions, policies and practices that will help the rural poor benefit from, rather than risk being further impoverished by, liberalization and globalization.

IFAD is engaged in harmonization efforts and in coordination mechanisms such as PRSPs, sector-wide programmes and UNDAF in this perspective – to bring the realities that confront the rural poor into the policy-making process. Many of the earlier PRSPs gave inadequate attention to agriculture and rural development. The Fund is trying to address this and to ensure that the needs of the rural poor, often a large majority of the population in low-income countries, get appropriate policy attention and funding.

The Round Table on the Eastern and Southern Africa region tomorrow is devoted to the theme of Sector-Wide Approaches and Budget-Support Mechanisms. I am sure it will offer a valuable opportunity for countries in the region as well as their development partners to review the experience of sector-wide approaches and see how the Fund could best contribute to them. The other five round tables will deal with issues of importance to each of their respective regions. The panel and round tables are part of our continuing effort to make the Governing Council into an interactive forum that will allow Governors to share their ideas in an effective way. The aim is to make the Governing Council week a major platform for an annual dialogue on eradicating poverty and hunger, and accelerating agricultural and rural development.

Mr Chairman,

In parallel with strengthening the Fund's strategic and operational framework, we are implementing an extensive change agenda.

This includes the Performance-Based Allocation System and enhancing the Fund's field presence in borrowing countries. There is also a new policy on grants to expand the total volume of grants and use them to help improve performance where it is poor, and in specific situations like post-conflict countries, where more flexible financing mechanisms are required.

Innovative approaches to helping rural poor groups to work their way out of poverty has always been a core concern of our operations. Now, with the stimulus provided by a contribution by the United Kingdom of USD 10 million, we have formulated an Innovation Programme to make the generation and application of innovative practices more systematic in all our programme development.

We are also undertaking measures to strengthen our capacity to assess the impact and results of operations. The Result and Impact Management System is developing a systematic methodology for this, while the new independent status of the Office of Evaluation will ensure authoritative evaluations.

A new activity-based approach to the Fund's budget is being implemented with the aim of looking at budget expenditures in terms of outcomes and results rather than inputs and costs. Our overall processes for financial management and human resource management are also being modernized to make IFAD a 21st century institution. To underpin this modernization, the Strategic Change Programme is putting in place an information platform to support the efficient management of human and financial resources.

Another major initiative agreed by Member States is the Independent External Evaluation. It has the mandate to assess the Fund's contribution to rural poverty reduction in a comprehensive way. My colleagues and I attach great importance to this initiative and we look forward to contributing to its work. I am sure that the evaluation will generate valuable knowledge, not only about IFAD, but on the most effective ways to overcome rural poverty.

Mr Chairman,

Let me here say a word about IFAD staff. In any institution, the quality and dedication of its staff is its main asset. I have been deeply impressed by the commitment of IFAD staff to poverty reduction and their unstinting willingness to contribute their time to carry out the Fund's mission.

These last three years, when there have been so many initiatives underway, have been particularly demanding of staff. I can only say that I am happy and proud of the way they have responded.

Mr Chairman,

IFAD has 26 years of operational experience in combating rural poverty in widely varying economic, social and ecological conditions. Financing poverty programmes with an investment value of from USD 700 to 900 million per year that reach about 10 million rural poor, IFAD is now in the mainstream of the effort to eradicate poverty and achieve the Millennium Development Goals.

We have always tried to look at poverty from the perspective of the poor as producers actively, if unequally, engaged in the market. In the market-driven environment that the rural poor increasingly face, IFAD's experience of working with the poor as producers, especially poor rural women, is directly relevant.

The MDGs and the new recognition of rural development provide the context to intensify IFAD's contribution to poverty eradication, and the strengthening of the Fund's strategic approach and work processes provides the opportunity. But we need the resources to respond to the needs of the poor countries of Africa, Latin America and Asia as well as to the expectation in other developing and transitional countries to find innovative solutions to poverty.

The Seventh Replenishment negotiations that will start next year provide a timely basis for this. In the last replenishment, developing and developed Member States reaffirmed the value they place on IFAD by raising their contributions significantly. The Seventh Replenishment, I hope, will not only consolidate these gains but achieve a quantum increase in the total contribution level.

Mr Chairman,

Mass poverty – some 1 200 million people condemned to stunted lives of chronic deprivation – is not only a moral outrage in this 21st century. It is equally a growing danger to the stability and well-being of society in a globalizing world.

Mass poverty *will* be ended. The question is not whether, but how long. How many more years or decades, how many more hundreds of millions of lives wasted in misery will it take? We have the knowledge, and certainly the resources, and the poor have the talent, the skills and the capacity to work their way out of poverty. What they need is the opportunity, and what we must do is find the collective will to create that opportunity.

With your support, IFAD with its quarter century of ground-level experience in combating poverty, stands ready to be at the forefront in the collective effort to bring that day as close as possible.

Thank you.

**Statement by the Director-General of the
Food and Agriculture Organization of the United Nations,
Mr Jacques Diouf**

Mr Chairperson,
Mr President,
Mr Executive Director,
Distinguished Delegates,
Ladies and Gentlemen,

I have great pleasure in addressing this opening session of IFAD's Twenty-Seventh Governing Council. FAO, IFAD and WFP shared a single platform at Monterrey and continue to speak with a single voice on the issues in the shared fight against poverty and hunger in the world.

FAO and IFAD have continued to broaden and strengthen their collaboration. The President of IFAD and I have met on a number of occasions during the year in order to deepen our cooperation, and our deputies meet on a regular basis.

There is also deepening of the working-level relationships between staff of IFAD and FAO. In addition to the long-standing joint work of IFAD and the FAO Investment Centre, the major technical divisions of the Organization are collaborating with IFAD in the field. Just to name a few, IFAD and FAO are implementing together the Integrated Production and Pest-Management Farmer Field Schools Programme in eastern Africa. We are also working jointly with NGOs to adapt participatory approaches to community-based management of seed and genetic resources. We are collaborating on organic production of medicinal, aromatic and dye plants for poverty alleviation in marginalized communities in south Asia. IFAD and FAO have been increasingly working together on capacity-building and training in socio-economic and gender analysis but also on developing an agriculture-sector response strategy for mitigating the impact of HIV/AIDS on food security. In that framework IFAD and FAO are studying labour-saving technologies and practices for farming under conditions of labour stress.

The list of our common undertakings is long, but the few examples to which I have referred demonstrate the willingness and commitment on the part of both institutions to combine these comparative advantages.

Mr Chairperson,
Ladies and Gentlemen,

On the occasion of World Food Day 2003, FAO, IFAD, WFP and IPGRI, together with NGOs, issued an important joint statement to promote the International Alliance Against Hunger (IAAH). We agreed to join forces, and to bring on board other partners, to eliminate the scourge of hunger.

One of the objectives of the IAAH is to advocate greater resource flows into developing countries' agriculture. In the context of the Anti-Hunger Programme, unveiled at the *World Food Summit: five years later*, FAO estimates that, world-wide, some USD 24 billion per year is required to achieve the World Food Summit goal of halving the number of hungry people by 2015: USD 8 billion for food aid and commercial loans, USD 8 billion from developing countries, and another USD 8 billion through concessional loans from international financing institutions and bilateral assistance from developed countries, which themselves provided USD 318 billion to support their farmers in 2002.

Despite the commitments renewed at the *World Food Summit: five years later*, there are no concrete signs of changes in the declining trend of resources to agriculture. All things being equal, the goal of 2015 will be achieved only by 2150.

FAO is therefore organizing round tables, jointly with regional development banks, on Financing for Agricultural Development, bringing together international financing institutions and regional banks with ministers for agriculture and finance at the FAO Regional Conferences this year.

In cooperation with member countries, FAO is updating the long-term vision of agricultural development and food-security strategies that was prepared after the 1996 World Food Summit. It is also preparing medium-term investment programmes for each country, and bankable projects in priority areas such as water control and rural infrastructure. At the regional level, it has prepared and started to implement regional programmes of food security in cooperation with regional economic unions. Projects to fund these activities have been approved under the FAO Technical Cooperation Programme (TCP), and the FAO Investment Centre is leading their implementation, working closely with the Rome-based agencies, the World Bank and regional financing institutions.

Mr Chairperson,
Ladies and Gentlemen,

I would like to underscore here FAO's determination to continue to expand its collaboration with IFAD for the benefit of their common Member Nations and to extend to the Council every good wish for success in its deliberations.

**Message of the Executive Director of the
World Food Programme,
Mr James T. Morris,
delivered on his behalf by Mr Jean-Jacques Graisse,
Deputy Executive Director**

It is a great pleasure to address you on behalf of Jim Morris, our Executive Director, who regrets not being here in person for this important meeting. Let me begin by paying tribute to the wonderful work done by IFAD, and to thank those of you who make it possible through your hard work, and your donations.

Two years have now passed since IFAD, FAO and WFP proposed a ‘twin track’ approach to halving hunger. The idea, put forward in Monterrey in 2002, you will recall, was to propose short-term investments in food aid to prevent lasting damage from malnutrition, and longer-term investments in agricultural production so people in the poorest countries could feed themselves.

Since then, the partnership between the three Rome-based agencies has strengthened considerably. Together, we have taken our advocacy message to the corridors of power. In the field, in regional offices and in headquarters, the three agencies are working more closely than ever. The number of projects undertaken jointly with IFAD has increased by 50% since 2001 and now totals 21. And the effects have been felt by the people who count the most – our beneficiaries.

Allow me to give you an example. In Burkina Faso, WFP and IFAD are working together with rural communities to improve water resource management and soil conservation, both crucial to the sustainability of agriculture in the Sahel. In 2003, IFAD provided technical support, equipment and finance; WFP provided cooked meals to labourers in the communities while they worked on ways to manage water resources and conserve soil more effectively. In a region where 90% of the people rely on rainfed agriculture for survival, that is critical.

In fact, Burkina Faso is one of the bright lights on our horizon. This year’s harvest in the eastern Sahel has been extraordinarily good, some 30% better than average. We plan to purchase roughly 63 000 tonnes of food in Burkina Faso, Mali and Niger this year, a portion of which will be used in other countries in Western Africa such as Côte d’Ivoire, Guinea and northern Liberia.

Purchasing locally is an integral part of our efforts to help farmers gain control of their lives and livelihoods. Not only is WFP the largest supplier of grant assistance to Africa in the United Nations system, we are also by far the largest purchaser of food and other items. In 2003 alone, we purchased USD 213 million worth of goods on the continent: some 26% of all purchases worldwide. That included 840 000 metric tonnes of food grown and bought in Africa, again, representing more than a quarter of WFP’s food purchases globally.

The Sahel region is also a very good example of collaboration with the highest level of policy-makers in government. The Declaration on the “Alliance for Action”, signed in September 2003 in Dakar, sets forth a remarkable pledge to promote school feeding, health and basic education for the Sahel. This solid commitment is exactly the kind of investment in people that helps power the engine of the ‘twin track’ approach, and is most likely to achieve sustainability in the longer term.

Other high-level advocacy efforts among the Rome-based agencies include the International Alliance Against Hunger. As already indicated by the Director-General, IFAD, FAO and WFP issued a joint statement on World Food Day. We came together with 25 non-governmental organizations from Italy to discuss ways to achieve the Millennium Development Goals. And, together, the Rome-based agencies will work more closely than ever with NEPAD to support agricultural development and poverty reduction.

Last year was a record year for the World Food Programme, on almost all fronts. We reached the largest number of people in our history – 110 million people in 82 countries. We raised the largest amount of money – USD 2.6 billion plus USD 1.2 billion from the Oil-for-Food Programme in Iraq. We moved the largest amount of food – more than 6 million metric tonnes. We also worked alongside the largest number of partners – some 200 international and more than 1 000 local non-governmental organizations. While that may sound like fanfare, and we are proud of having done a good job, what it actually means is that so many more people required our assistance last year, and regrettably more of it was directed to emergencies, than ever before.

Notwithstanding the dedicated work done by the three Rome-based agencies, in greater concert than ever, FAO reported last year that the number of hungry people actually increased by 18 million in the second half of the 1990s. The investments that we have all been advocating for – food aid for short-term hunger, investments in agricultural development for long-term sustainability – are simply not coming quickly enough.

Last year, WFP saw another record, though not one that we celebrated. Only 9% of overall contributions to the programme were directed to our programmes that assist people who are chronically hungry. It is not the percentage we would like to see. Nevertheless, it still represents USD 238 million for development in 2003. So while, on the one hand, we are doing our best to collaborate with IFAD and FAO, the funds available for these activities make up an ever-decreasing share of our resources. And while one or two major donors have significantly increased their investment in agricultural development, according to the OECD it still represents just 9% of overall ODA.¹

Allow me to return to the Sahel. This year is a boom year for much of the region, with Burkina Faso, Niger and Mali producing more than 3 million tonnes of cereals each. However, many of these countries' citizens will not reap the full benefits, since they lack the infrastructure, feeder roads and markets to get their bumper crops to consumers. And worse, if the rains are not as generous this year as they were last year, many of the region's farmers will again find themselves in a tight spot. The very basic elements of the region's agricultural sector need to be bolstered if we are to hope for sustainability and real progress towards halving hunger. We need to bring subsistence farmers into a viable, market-oriented agricultural economy.

China is a remarkable example of how reforms in agriculture can dramatically reduce poverty. By introducing a market approach to its agricultural sector in the 1980s, China not only became more self-sufficient in terms of food, it also kicked off the greatest single wave of poverty reduction in history: 220 million people were lifted out of poverty, according to the Government. Today China is one of the world's largest, fastest-growing commercial markets, with the United Nations forecasting that China and the United States will lead global economic recovery in 2004.²

China is also one of the best examples of WFP's collaboration with IFAD. Together, WFP and IFAD have helped six million beneficiaries since 1995, through microcredit and food for work. WFP's food-for-work activities improve the rural infrastructure. Food for training is used to help poor farmers get maximum benefit from IFAD's microcredit schemes. WFP's vulnerability analysis and mapping (VAM) targeting is used by IFAD for identification of its project intervention areas.

A few weeks ago, our regional bureau for Asia organized its yearly meeting of country directors in Bangkok. One full day of this three-day conference was devoted to a workshop of all country directors, together with a handful of colleagues from IFAD headquarters, to review the

¹ "Trends in Agricultural ODA Allocation", Meeting of PovNet sub-group on Agriculture, Room Document 2, OECD, Paris, 9 December 2003.

² UNCTAD, *World Economic Situation and Prospects 2004*, January 2004.

successful experience in China, so as to use this example as a model for other countries in Asia. The findings of that workshop will now be disseminated to the other five WFP regional bureaux, and we trust that this will generate a considerable number of new activities to be undertaken jointly by WFP and IFAD around the world.

The ‘twin track’ approach launched with such optimism in Monterrey two years ago has now built up some steam. We are three Rome-based agencies working together much more closely than before, and advocating on a joint approach to halving the percentage of the world’s population that lives in hunger. But the twin track foresaw investment, and that investment is much too slow in coming. For each day that passes without more national and international investment in agriculture, too many lives are lost and opportunities squandered. Let us not forget that while we – IFAD, FAO and WFP – can provide the rails, the locomotive for reducing hunger has to be the governments and the people of the countries most affected. For only they have the power to carry hundreds of millions of people out of hunger and poverty.

**Trade and Rural Development:
Opportunities and Challenges for the Rural Poor**

**Summary of the Panel Discussion
delivered by the Vice-Chairperson,
His Excellency Nuri Ibrahim Hasan**

Distinguished Governors,

During these last two days we have had a rich exchange of views on issues that are crucial not only in combating poverty but also in promoting a stable and peaceful world.

In 2002, following the Millennium Summit, developed and developing countries agreed at the Financing for Development Conference in Monterrey to work together to promote economic growth, development and poverty reduction.

Developed countries recognized the need to work to remove trade restrictions, especially on agricultural products, and pledged to increase development assistance substantially. Actions in these areas will create an international environment supportive of more rapid development. Developing countries agreed to take parallel action to strengthen domestic institutions and policies, and remove constraints so that the talents and capacities of their societies, including the poorest, can be fully utilized.

The panel discussion yesterday on trade and rural development highlighted the promise of the Doha Round. Creating market opportunities is vital. But for rapid and sustained poverty reduction and to achieve the Millennium Development Goals, action is needed to enable rural poor groups, especially women, to gain access to productive assets, services and markets. As the Secretary-General said in his message to us, and I quote: "Rural development must be brought to the centre of the development agenda."

The panel brought out two themes that I would like to mention. The first is *partnership*.

This partnership works both ways. Developing countries have undertaken ambitious domestic reforms to create conditions for faster development and poverty reduction. The international community must respond to support these reforms. At the same time, developing countries need to intensify efforts so that poor producers can take advantage of new opportunities.

I would like to underline here that IFAD itself represents a partnership between developing and developed countries to bring about a world without poverty and hunger. Many Governors have reiterated their strong support for this partnership in IFAD, and I believe that we will work together to strengthen this institution further.

The second theme is *coherence*. The Monterrey Consensus emphasized the importance of coherence in aid, trade and development policies. If we agree on the centrality of rural poverty and the importance of agricultural and rural development, then we must ensure a substantive and coherent response to overcome rural poverty.

To that end, developed countries should look at the overall impact on development of their financial, economic and trade policies, and not allow policies in other areas to weaken development cooperation.

For their part, developing countries also need to have coherence in their policies. As they strengthen their institutions and policy framework, a major question they should ask is how best to

support and enhance the productive activities of the rural poor and help them work their way out of poverty.

Distinguished Governors,

As the President of IFAD said so eloquently yesterday, mass poverty will be ended. It is the task of all of us to help accelerate this process. So when we leave this Governing Council meeting we should take back this message to our colleagues in our administrations – to make sure that the needs of the rural poor, and IFAD, get the attention and priority they deserve.

**Statement by the Vice-Chairperson,
His Excellency Nuri Ibrahim Hasan,
Closing the Twenty-Seventh Session of the Governing Council**

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

We have come to the end of the Twenty-Seventh Session of the Governing Council – a session rich with statements and interactive dialogue, both during the main panel discussion on the theme of trade and rural development and at the six round tables that dealt with other issues of importance to rural development.

We have had the honour of listening to the inaugural address of the President of Burkina Faso, His Excellency Blaise Compaoré, who so eloquently conveyed to the Council not only the problems Africa still faces but also some of its inherent assets. Assets that can be maximized through the equitable global trading of agricultural commodities, and assets that can be nourished with the full and total participation of women, especially rural women.

We were happy to have the message of Mr Kofi Annan, Secretary-General of the United Nations. The Secretary-General commended IFAD for highlighting the importance of an open international trade regime for poor farmers, whose interests are all too often overlooked, but whose need of a fair opportunity to compete in world markets is vital.

President Båge's statement further stressed this need, and clearly demonstrated IFAD's continued commitment to the Millennium Development Goals through creating opportunities for the rural poor to use their talent, skills and capacity to work their way out of poverty.

This commitment is shared by IFAD's sister agencies here in Rome, and the partnership was highlighted in the statement by Mr Jacques Diouf, Director-General of the Food and Agriculture Organization of the United Nations, and in the message of Mr James T. Morris, Executive Director of the World Food Programme, delivered on his behalf by Mr Jean-Jacques Graisse, Deputy Executive Director. We should not, however, lose sight of the fact that, despite such partnerships, investments in food aid for hunger emergencies and in agricultural development for long-term sustainability are simply not coming quickly enough to meet the Millennium Development Goals in the time frame set.

While President Compaoré brought the voice of Africa to our assembly, governors from the world over sent clear messages in the statements they delivered. These statements demonstrated the strong support of our Member States for IFAD and called for increased funding of its activities. They also envisioned a pivotal role for the Fund in global initiatives to combat hunger and poverty, such as the one jointly taken by the Presidents of Brazil, Chile and France, together with the Secretary-General of the United Nations. No matter how different the land, cultures and problems may be, there is a shared desire to bring rural poverty to an end.

At this session, the Governor for the Italian Republic announced Italy's intent to provide IFAD with a new headquarters – yet another manifestation of its longstanding support for the Fund. Our deep appreciation goes to the host Government.

Distinguished Governors,

At our last session the Council received the good news of the rapid conclusion of the negotiations for the Sixth Replenishment of IFAD's Resources. This session was marked with continued good news – that of the replenishment's effectiveness, thus permitting the use of these

funds. The receipt of instruments of contribution and payments against pledges not supported by instruments of contribution, including complementary contributions, has now reached 66.3% of the total pledges made. While we are well on our way, our call goes out to our fellow Member States that have yet to announce their pledges, deposit their instruments of contribution or make their payments to please take action. Our combined and total commitment is required.

The Governing Council approved the administrative budget of IFAD for 2004. In approving this budget, it also decided to amend the Financial Regulations of IFAD to allow for a carry-over policy of 3%, with application to the 2003 budget.

One of the recommendations submitted to us by the Consultation that negotiated the Sixth Replenishment was that the Fund renew its evaluation policy, and as a result, the Office of Evaluation now formulates its annual work programme and administrative budget independently. The Council approved this administrative budget of the Office of Evaluation as well.

At this session we entrusted the Fund's Executive Board with establishing multi-donor trust funds on our behalf. In this respect, we recognize that the one-year intervals between our sessions may not be the most practical for taking advantage of opportunities as they arise.

We must also congratulate our colleagues on the Executive Board for their conscientious work on another important issue from the Sixth Replenishment negotiations, the formulation of a performance-based allocation system. The Council received a comprehensive report on just how much work was done by the Board this past year in developing a system acceptable to all our Member States. We fully appreciate both the technical aspects and the political considerations that went into the design of this system, and I must also commend the Fund's management and staff for the timely manner in which this Consultation's recommendation was acted upon.

The Council was presented with a report on the Fund's Strategic Change Programme designed to review and streamline its operational processes. This past year has seen progress, but also reflection on the way ahead. The time frame for full implementation of the programme is undergoing an analytical revision to take account of lessons learned in 2003, and we look forward to the results of this analysis.

The International Land Coalition brought us the lessons that frame its approach, recognizing that access to land, like all development issues, must be tailored to each country and community. The Global Mechanism of the Convention to Combat Desertification, which is housed in IFAD, also reported on its operational activities in 2003 and on the steps it is taking to enhance its resource mobilization in the context of its new business plan.

Fellow Governors,

I would like to thank you for the collaboration you have afforded me and my colleagues on the Bureau. You have made presiding over this session an easy and indeed pleasant task.

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

Ladies and Gentlemen,

As we come to the end of this Governing Council session, I cannot but remark on how much ground we have covered in our various discussions. The Council's sessions have evolved, over the

past three years, to make these occasions an effective forum for governors' interactive dialogue on ideas and experience in rural poverty eradication.

Our panel discussion focused on trade – how it helps and how it can hinder rural development – what poor rural societies need to be able to properly benefit from it and what is presently blocking development. Our round-table discussions provided windows on a range of other problems and other solutions: from rural finance, rural enterprises and water scarcity to remittances, access to markets and sector-wide approaches.

Most importantly, all of our statements and all of our discussions have provided us with renewed hope and increased determination. Let us take this back to our capitals and to our peoples.

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

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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Governing Council – Twenty-Seventh Session

Rome, 18–19 February 2004

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

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

**LISTA DE LOS PARTICIPANTES EN EL 27º PERÍODO DE SESIONES
DEL CONSEJO DE GOBERNADORES**

:
Chairperson: Guido Mantega (Brazil)
Président: ()
Presidente:

:
Vice-Chairpersons: Nobuko Matsubara (Japan)
()
Vice-Présidents: Nuri Ibrahim Hasan (Libyan Arab Jamahiriya)
()
Vicepresidentes:

MEMBER STATES

ÉTATS MEMBRES

ESTADOS MIEMBROS

AFGHANISTAN

Governor (acting)	Abdul Razak AYAZI Agricultural Attaché Alternate Permanent Representative of the Transitional Islamic State of Afghanistan to IFAD Rome
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ALBANIA

Governor	Agron DUKA Minister for Agriculture and Food Tirana
Alternate Governor	Pellumb XHUPI Ambassador of the Republic of Albania to the United Nations Food and Agriculture Agencies Rome
Adviser	Adriana BERBERI Deputy Minister for Finance Tirana
Adviser	Vera CARA Second Secretary Alternate Permanent Representative of the Republic of Albania to the United Nations Food and Agriculture Agencies Rome
Adviser	Kujtim KADZADEJ Chef de Cabinet Ministry of Agriculture and Food Tirana
Adviser	Arben JORGJI Executive Director Mountain Areas Finance Fund Tirana

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ALGERIA

Gouverneur (provisoire)	Rachid BENAÏSSA Ministre délégué chargé du développement rural Ministère de l'agriculture et du développement rural 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 et du développement rural Alger
Conseiller	Faiza YAKER Chef de Bureau Chargée de la promotion, de l'investissement étranger et du suivi du financement extérieur Ministère de l'agriculture et du développement rural Alger
Conseiller	Mohamed Amin MESLEM Chef de Bureau de la coopération avec les institutions financières multilatérales Ministère des affaires étrangères Alger
Conseiller	Laid AOUADI Directeur des Services agricoles de la Wilaya de M'sila Ministère de l'agriculture et du développement rural Alger

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ALGERIA (cont'd)

Conseiller Nasr-Eddine RIMOUCHE
Conseiller
Représentant permanent adjoint
de la République algérienne
démocratique et populaire
auprès du FIDA
Rome

Conseiller Habiba DJERIR
Secrétaire
Représentant permanent suppléant
de la République algérienne
démocratique et populaire
auprès du FIDA
Rome

ANGOLA

Gouverneur Gilberto Buta LUTUCUTA
Ministre de l'agriculture et
du développement rural
Luanda

Gouverneur suppléant
(provisoire) Afonso Pedro CANGA
Directeur général
Institut du développement agraire
Ministère de l'agriculture et
du développement rural
Luanda

Conseiller Pedro Agostinho KANGA
Directeur du Cabinet
Coopération internationale
Ministère de l'agriculture et
du développement rural
Luanda

Conseiller Sergio NIETO
Conseiller
Chargé d'affaires, a.i.
Représentant permanent suppléant 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

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ANGOLA(cont'd)

Conseiller	Kiala Kia MATEVA Conseiller Représentant permanent adjoint de la République d'Angola auprès du FIDA Rome
Conseiller	Carlos Alberto AMARAL Conseiller Représentant permanent suppléant de la République d'Angola auprès du FIDA Rome
Conseiller	Samuel CHISSINGUI Conseiller d'entreprise Ministère de l'agriculture et du développement rural Luanda

ARGENTINA

Gobernador Suplente	Hilda GABARDINI Ministra Representante Permanente Adjunta de la República Argentina ante el FIDA Roma
Asesor	Ariel FERNÁNDEZ Secretario Representante Permanente Alterno de la República Argentina ante el FIDA Roma

ARMENIA

Governor	David LOKIAN Minister for Agriculture Yerevan
Alternate Governor	Zohrab V. MALEK Ambassador Permanent Representative of the Republic of Armenia to the United Nations Food and Agriculture Agencies Rome

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ARMENIA (cont'd)

Adviser	Gagik EGANYAN Head of Department of Government Yerevan
Adviser	Hovik ABRAHAMYAN Minister for Territorial Administration and Production Infrastructures Yerevan
Adviser	Gagik MATEVOSYAN Director Agricultural Services Project Ministry of Agriculture Yerevan
Adviser	Ashot KIRAKOSYAN Director Social Contributions Fund Armenian Social Investment Fund Yerevan

AUSTRIA

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

Governor	Elmar MAMMADYAROV Ambassador of the Republic of Azerbaijan to Italy Roma
Adviser	Arif ABBASOV Third Secretary Embassy of the Republic of Azerbaijan Roma
Adviser	Vugar MEHDIYEV Programme Director Rural Development Programme for Mountainous and Highland Areas Baku

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BANGLADESH

Governor (acting)	Anwarul Bar CHOWDHURY Ambassador Permanent Representative of the People's Republic of Bangladesh to IFAD Rome
Adviser	Nasrin AKHTER Counsellor (Economic Affairs) Alternate Permanent Representative of the People's Republic of Bangladesh to IFAD Rome
Adviser	Nahida SOBHAN First Secretary Alternate Permanent Representative of the People's Republic of Bangladesh to IFAD Rome

BELGIUM

Gouverneur	Christian MONNOYER Ambassadeur du Royaume de Belgique auprès du FIDA Rome
Gouverneur suppléant	Bernard DE SCHREVEL Premier Secrétaire Coopération internationale Représentant permanent suppléant du Royaume de Belgique auprès du FIDA Rome

BENIN

Gouverneur (provisoire)	Lazare SEHOUETO Ministre de l'agriculture, de l'élevage et de la pêche Cotonou
Conseiller	Abdoulaye Soulé MANIGUI Directeur de l'agriculture Ministère de l'agriculture, de l'élevage et de la pêche Cotonou

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BHUTAN

Governor	Sangay NGEDUP Minister for Agriculture Thimphu
Adviser	Chimi P. WANGDI Deputy Secretary Ministry of Agriculture Thimphu
Adviser	Deki PEMA Planning Officer Policy and Planning Division Ministry of Agriculture Thimphu
Adviser	Chitem TENZIN First Secretary Permanent Mission of the Kingdom of Bhutan to the United Nations Geneva

BOLIVIA

Gobernador (interino)	Raquel LIEBERS BALDIVIESO Consejera Representante Permanente Adjunta de la República de Bolivia ante el FIDA Roma
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BOSNIA AND HERZEGOVINA

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	Guido MANTEGA Minister of State for Planning, Budget and Management Brasilia, D.F.
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BRAZIL (cont'd)

Alternate Governor	Demian FIOCCA Secretary for International Affairs Ministry of Planning, Budget and Management Brasilia, D.F.
Adviser	Flávio MIRAGAIA PERRI Ambassador of the Federative Republic of Brazil to IFAD Rome
Adviser	Maria Theresa LAZARO Minister Counsellor Deputy Permanent Representative of the Federative Republic of Brazil to IFAD Rome
Adviser	Ricardo de MORAES MONTEIRO Head of Social Communication Department Ministry of Planning, Budget and Mangement Brasilia, D.F.
Adviser	Eugénio Conolly PEIXOTO Secretary of Agrariam Refrom Ministry of Agriarian Development Brasilia, D.F.
Adviser	Espedito Rufino DE ARAÚJO Director Project Management Unit Ministry of Agriculture, Livestock and Supply Brasilia, D.F.

BURKINA FASO

Gouverneur (provisoire)	Youssouf OUEDRAOGO Ministre d'État, Ministre des affaires étrangères et de la coopération régionale Ouagadougou
Gouverneur suppléant (provisoire)	Salif DIALLO Ministre d'État, Ministre de l'agriculture, de l'hydraulique et des ressources halieutique Ouagadougou

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BURKINA FASO (cont'd)

Conseiller	Jean-Baptiste Marie Pascal COMPAORÉ Ministre des finances et du budget Ouagadougou
Conseiller	Mamadou SISSOKO Ambassadeur du Burkina Faso auprès du FIDA Rome
Conseiller	Léon YOUGBARE Directeur du Protocol d'État Présidence du Burkina Faso Ouagadougou
Conseiller	Issaka DRAGO Conseiller Présidence du Burkina Faso Ouagadougou
Conseiller	Saïdou OUEDRAOGO Directeur de la Communication et des Relations publiques Présidence du Burkina Faso Ouagadougou
Conseiller	Jean Paul SAWADOGO Coordonnateur PNGT2 Ministère de l'agriculture, de l'hydraulique et des ressources halieutique Ouagadougou
Conseiller	Pascaline TAMINI Directrice générale de la SONAGESS Ministère de l'agriculture, de l'hydraulique et des ressources halieutique Ouagadougou
Conseiller	Boubakar CISSÉ Conseiller économique Représentant permanent adjoint du Burkina Faso auprès du FIDA Rome

BURUNDI

Gouverneur	Pierre NDIKUMAGENGE Ministre de l'agriculture et de l'élevage Bujumbura
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CAMEROON

Gouverneur	Abdoulaye ABOUBAKRY Secrétaire d'État au Ministère de l'agriculture Yaoundé
Gouverneur suppléant	Michael TABONG KIMA Ambassadeur de la République du Cameroun auprès du FIDA Rome
Conseiller	Médi MOUNGUI Deuxième Conseiller Représentant permanent adjoint de la République du Cameroun auprès du FIDA Rome
Conseiller	Thomas Ngué BISSA Coordonnateur du Projet PNDRT Ministère de l'agriculture Yaoundé

CANADA

Alternate Governor	Roger EHRHARDT Director-General International Financial Institutions Division Multilateral Programmes Branch Canadian International Development Agency (CIDA) Gatineau, Québec
Adviser	Charles PARKER Counsellor (Development) Alternate Permanent Representative of Canada to the United Nations Food and Agriculture Agencies Rome

CAPE VERDE

Gouverneur	Jorge Maria CUSTÓDIO DOS SANTOS Ambassadeur de la République du Cap-Vert auprès des Organisations des Nations Unies Rome
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CAPE VERDE (cont'd)

Gouverneur suppléant	Arnaldo DELGADO Conseiller Représentant permanent adjoint de la République du Cap-Vert auprès des Organisations des Nations Unies Rome
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CENTRAL AFRICAN REPUBLIC

Gouverneur	Daniel Emery DÉDÉ Ministre de la modernisation et du développement de l'agriculture Bangui
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CHAD

Gouverneur (provisoire)	Hamadou BOUBAKARI Secrétaire général Ministère de l'agriculture N'Djaména
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CHILE

Gobernador	José Mario GOÑI CARRASCO Embajador de la República de Chile ante el Gobierno Italiano Roma
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Gobernador Suplente (interino)	Gustavo AYARES Consejero Embajada de la República de Chile Roma
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Asesor	Pedro GONZÁLEZ Primer Secretario Embajada de la República de Chile Roma
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CHINA

Governor	LI Yong Vice-Minister for Finance Beijing
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CHINA (cont'd)

Alternate Governor	ZHAO Xiaoyu Director-General International Department Ministry of Finance Beijing
Adviser	MA Shiqing Minister Plenipotentiary Permanent Representative of the People's Republic of China to the United Nations Agencies for Food and Agriculture Rome
Adviser	LI Zhengdong Deputy Director-General Department of International Cooperation Ministry of Agriculture Beijing
Adviser	LU Xiaoping Counsellor Alternate Permanent Representative of the People's Republic of China to the United Nations Agencies for Food and Agriculture Rome
Adviser	WANG Bing Director Ministry of Finance Beijing
Adviser	DING Guoguang Director Agriculture Department Ministry of Finance Beijing
Adviser	YE Anping First Secretary Alternate Permanent Representative of the People's Republic of China to the United Nations Agencies for Food and Agriculture Rome
Adviser	CHENG Zhijun Secretary Ministry of Finance Beijing

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CHINA (cont'd)

Adviser WANG Weiqin
Deputy Director
Department of International
Cooperation
Ministry of Agriculture
Beijing

Adviser LI Qian
Project Officer
Ministry of Finance
Beijing

COLOMBIA

Gobernador Fabio VALENCIA COSSIO
Embajador de la República de
Colombia ante el FIDA
Roma

Gobernador Suplente Darío Alberto BONILLA GIRALDO
Consejero
Representante Permanente Alterno
de la República de Colombia
ante el FIDA
Roma

Asesor Paula TOLOSA ACEVEDO
Primera Secretaria
Representante Permanente Alterna
de la República de Colombia
ante el FIDA
Roma

Asesor Juan Carlos SÁNCHEZ FRANCO
Primer Secretario
Embajada de la República
de Colombia
Roma

CONGO

Gouverneur Jeanne DAMBENZET
Ministre de l'agriculture, de l'élevage,
de la pêche et de la promotion
de la femme
Brazzaville

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CONGO (cont'd)

Conseiller Guy Daniël MOUMALÉ
Conseiller
Ministère de l'agriculture, de l'élevage, de la
pêche et de la promotion de la femme
Brazzaville

Conseiller 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 Victoria GUARDIA ALVARADO DE HERNÁNDEZ
Embajadora de la República de
Costa Rica ante el FIDA
Roma

Gobernador Suplente Yolanda GAGO PÉREZ
Ministra Consejera
Representante Permanente Alternativa
de la República de Costa Rica
ante el FIDA
Roma

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 suppléant
de la République de Côte d'Ivoire
auprès des Organisations spécialisées
des Nations Unies
Rome

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CÔTE D'IVOIRE (cont'd)

Conseiller Lida Lambert BALLOU
Conseiller
Représentant permanent adjoint de la
République de Côte d'Ivoire auprès des
Organisations spécialisées
des Nations Unies
Rome

CROATIA

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

Adviser Zlata PENIC-IVANKO
First Secretary
Alternate Permanent Representative of the
Republic of Croatia to the United Nations
Agencies for Food and Agriculture
Rome

CUBA

Gobernador Suplente Alfredo Néstor PUIG PINO
Embajador de la República de Cuba
ante los Organismos de las
Naciones Unidas
Roma

CYPRUS

Alternate Governor Gabriel ODYSSEOS
(acting) 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

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D.P.R. KOREA (cont'd)

Alternate Governor (acting)	CHOE Taek San Ambassador of the Democratic People's Republic of Korea to IFAD Rome
Adviser	YUN Su Chang Minister Deputy Permanent Representative of the Democratic People's Republic of Korea to IFAD Rome
Adviser	JONG Sun Won Secretary-General National Committee of the Democratic People's Republic of Korea for FAO Ministry of Foreign Affairs Pyongyang
Adviser	RI Yong Ho Second Secretary Alternate Permanent Representative of the Democratic People's Republic of Korea to IFAD Rome

D.R. CONGO

Gouverneur (provisoire)	Innocent MOKOSA MANDENDE Ministre Conseiller Représentant permanent adjoint de la République démocratique du Congo auprès des Organisations des Nations Unies Rome
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DENMARK

Governor	Ole E. MOESBY Ambassador Under-Secretary for Multilateral Affairs Ministry of Foreign Affairs Copenhagen
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DENMARK (cont'd)

Adviser Kristian HOJERSHOLT
Minister
Deputy Permanent Representative
of the Kingdom of Denmark
to IFAD
Rome

Adviser Finn Norman CHRISTENSEN
Chief Adviser
Ministry of Foreign Affairs
Copenhagen

Adviser Kristina RASMUSSEN
Attaché
The Royal Danish Embassy
Rome

DJIBOUTI

Gouverneur
(provisoire) Awes A. AWES
Officier du Protocole
Consulat de la République
de Djibouti
Rome

DOMINICAN REPUBLIC

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

ECUADOR

Gobernador Suplente Sandro CELI
Primer Secretario
Representante Permanente Alternativo de la
República del Ecuador ante los Organismos
de las Naciones Unidas
Roma

Asesor Segundo CHALUIS
Segundo Secretario
Representante Permanente Alternativo de la
República del Ecuador ante los Organismos
de las Naciones Unidas
Roma

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EGYPT

Alternate Governor (acting)	Mariam MOUSA Minister Plenipotentiary for Agricultural Affairs Deputy Permanent Representative of the Arab Republic of Egypt to the United Nations Food and Agriculture Agencies Rome
Adviser	Wael Abou Bakr EL-NAGGAR First Secretary Alternate Permanent Representative of the Arab Republic of Egypt to the United Nations Food and Agriculture Agencies Rome

EL SALVADOR

Gobernador Suplente	Joaquín RODEZNO MUNGUÍA Embajador de la República de El Salvador ante el FIDA Roma
Asesor	Jorge Alberto OVIEDO MACHUCA Director de la Oficina de Planificación del Ministro de Agricultura y Ganadería San Salvador
Asesor	María Eulalia JIMÉNEZ ZEPEDA Ministra Consejera Representante Permanente Adjunta de la República de El Salvador ante el FIDA Roma

ERITREA

Governor	Petros TSEGGAI First Counsellor Chargé d'affaires, a.i. Embassy of the State of Eritrea Rome
Adviser	Yohannes TENSUE First Secretary Alternate Permanent Representative of the State of Eritrea to the United Nations Agencies for Food and Agriculture Rome

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ETHIOPIA

Alternate Governor Mengistu HULLUKA DEYAS
Ambassador of the Federal
Democratic Republic
of Ethiopia to IFAD
Rome

FINLAND

Alternate Governor Pasi HELLMAN
Director
Department of Global Affairs
Ministry of Foreign Affairs
Helsinki

Adviser Heidi PIHLATIE
Minister Counsellor
Permanent Representative
of the Republic of Finland
to the United Nations Food
and Agriculture Agencies
Rome

Adviser Kaisa KARTTUNEN
Counsellor (Agriculture)
Deputy Permanent Representative
of the Republic of Finland
to the United Nations Food
and Agriculture Agencies
Rome

Adviser Kari JANTUNEN
Counsellor
Unit for Development
Financing Institutions
Department of Global Affairs
Ministry of Foreign Affairs
Helsinki

FRANCE

Gouverneur Stéphane PALLEZ
Chef du Service des affaires
européennes et internationales
Direction du Trésor
Ministère de l'économie,
des finances et de l'industrie
Paris

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FRANCE (cont'd)

Gouverneur suppléant (provisoire)	Alain GUILLOUËT Ministre Conseiller Chef de la Mission économique Ambassade de France en Suisse Berne
Conseiller	Charles MILLON Ambassadeur de la République française auprès de l'OAA Rome
Conseiller	Jérôme BACONIN 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	Nicolas PERRIN Chargé de Mission à la Direction des politiques économiques et internationales Ministère de l'agriculture, de l'alimentation, de la pêche et des affaires rurales Paris
Conseiller	Marie-Paule FONTAINE Deuxième Secrétaire Représentant Permanent adjoint de la République française auprès de l'OAA Rome

GABON

Gouverneur (provisoire)	Jean Norbert DIRAMBA Ministre délégué auprès du Vice-Premier Ministre, Ministre de l'agriculture, de l'élevage et du développement rural chargé des droits de l'homme et des missions Libreville
Conseiller	Ivone Alves DIAS DA GRAÇA Premier Conseiller Représentant permanent adjoint de la République gabonaise auprès du FIDA Rome

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GABON (cont'd)

Conseiller Louis Stanislas CHARICAUTH
Conseiller
Représentant permanent suppléant
de la République gabonaise
auprès du FIDA
Rome

GAMBIA, THE

Governor Susana WAFFA OGOO
Secretary of State for Fisheries,
Natural Resources and
Environment
Banjul

Alternate Governor Yusupha ALIEU KAH
Ambassador of the Republic
of The Gambia to IFAD
Brussels

Adviser Ousman JAMMEH
Permanent Secretary
Department of State
of Agriculture
Banjul

GEORGIA

Governor (acting) Zurab SOSELIA
First Deputy Minister
for Finance
Tbilisi

Adviser Noe KHOZREVANIDZE
Director
Rural Development Programme for
Mountainous and Highland Areas
Ministry of Food and Agriculture
Tbilisi

GERMANY

Governor Michael HOFMANN
Director-General
Federal Ministry of Economic
Cooperation and Development
Bonn

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GERMANY (cont'd)

Adviser Bernd BLANK
Division Chief
Regional Development Banks
Federal Ministry of Economic
Cooperation and Development
Bonn

Adviser Bernd DUNNZLAFF
Counsellor
Alternate Permanent Representative of the
Federal Republic of Germany to IFAD
Rome

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 IFAD
Rome

GREECE

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

Adviser E. Sarantis ANDRICOPOULOS
Counsellor (Agriculture)
Alternate Permanent Representative of the
Hellenic Republic to IFAD
Rome

Adviser Dimitri DADIOTIS
Consultant
Directorate of Organizations dealing with
International Economic and
Monetary Affairs
Ministry of Foreign Affairs
Athens

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GUATEMALA

Gobernador (interino)	Billy Robin ESTRADA Viceministro de Agricultura, Ganadería y Alimentación Ciudad de Guatemala
Gobernador Suplente (interino)	Acisclo VALLADARES MOLINA Embajador de la República de Guatemala ante el FIDA Roma
Asesor	Ileana RIVERA DE ANGOTTI Primera Secretaria Representante Permanente Alternativa de la República de Guatemala ante el FIDA Roma

GUINEA

Gouverneur (provisoire)	Mohamed NOBA Vice-Président Chambre nationale d'agriculture Conakry
Gouverneur suppléant (provisoire)	Naby Moussa TOURÉ Conseiller spécial du Vice-Président Chambre nationale d'agriculture Conakry
Conseiller	Mohamed CAMARA Conseiller politique Ambassade de la République de Guinée Rome

HAITI

Gouverneur	Sébastien HILAIRE Ministre de l'agriculture, des ressources naturelles et du développement rural Port-au-Prince
Gouverneur suppléant	Roger PÉRODIN Ambassadeur Représentant permanent de la République d'Haïti auprès des Organisations des Nations Unies Rome

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HAITI (cont'd)

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 (interino)	Oscar Antonio OYUELA CASTELLÓN Embajador de la República de Honduras ante los Organismos de las Naciones Unidas Roma
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ICELAND

Governor	Jón Erlingur JÓNASSON Counsellor Political Department Multilateral Development Co-operation Ministry of Foreign Affairs Reykjavik
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INDIA

Alternate Governor	Sudhir Gunvantrai MANKAD Additional Secretary (Fund Banking) Department of Economic Affairs Ministry of Finance New Delhi
Adviser	Govindan NAIR Minister (Agriculture) Alternate Permanent Representative of the Republic of India to the United Nations Food and Agriculture Agencies Rome

INDONESIA

Alternate Governor	Freddy NUMBERI Ambassador Permanent Representative of the Republic of Indonesia to IFAD Rome
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INDONESIA (cont'd)

Adviser	Natigor SIAGIAN Assistant Minister for Agriculture in charge of International Cooperation Jakarta
Adviser	Syarifuddin EDO Senior Official Department of Foreign Affairs Jakarta
Adviser	Wahib ABDULJAWAD Minister 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
Adviser	Bambang SANTOSO MARSOEM Deputy Director Bureau of International Cooperation Department of Finance Jakarta
Adviser	Yusral TAHIR Senior Official Bureau of International Cooperation Department of Agriculture Jakarta

IRAN, ISLAMIC REPUBLIC OF

Governor (acting)	Mohammad Saeed NOURI-NAEENI Ambassador of the Islamic Republic of Iran to the United Nations Agencies for Food and Agriculture Rome
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IRELAND

Governor	John Francis COGAN Ambassador of Ireland to the United Nations Agencies for Food and Agriculture Rome
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IRELAND (cont'd)

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

Adviser Earnan O'CLEIRIGH
Senior Development Specialist
Development Cooperation Division
Department of Foreign Affairs
Dublin

Adviser Vincent O'NEIL
Principal Development Specialist
Development Cooperation Division
Department of Foreign Affairs
Dublin

ITALY

Gouverneur Gianluigi MAGRI
Sous-Secrétaire d'État
Ministère de l'économie et des finances
Rome

Gouverneur suppléant
(provisoire) Giandomenico MAGLIANO
Ministre plénipotentiaire
Directeur général
Direction générale de la coopération
économique et financière multilatérale
Ministère des affaires étrangères
Rome

Conseiller 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
Chargé d'affaires, a.i.
Représentant permanent adjoint
de la République italienne
auprès du FIDA
Rome

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ITALY (cont'd)

Conseiller Paolo DUCCI
Responsable de la coordination
FAO/IFAD/PAM
Direction générale de la coopération
économique et financière multilatérale
Ministère des affaires étrangères
Rome

Conseiller Pablo FACCHINEI
Conseiller
Service chargé des Banques
de développement multilatéral
Ministère de l'économie et des finances
Département du Trésor
Rome

Conseiller Gaetano D'ONOFRIO
Conseiller
Service chargé des Banques
de développement multilatéral
Ministère de l'économie et des finances
Département du Trésor
Rome

Conseiller Rita CARAMIS
Consultant
Coordination FAO/IFAD/PAM
Direction générale pour la coopération
économique et financière multilatérale
Ministère des affaires étrangères
Rome

JAPAN

Governor Nobuko MATSUBARA
Ambassador of Japan to Italy
Rome

Alternate Governor
(acting) Masaharu SATO
Counsellor
Deputy Permanent Representative
of Japan to the United Nations
Food and Agriculture Agencies
Rome

Adviser Wakana KANIKAWA
Officer
Multilateral Cooperation Division
Economic Cooperation Bureau
Ministry of Foreign Affairs
Tokyo

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JORDAN

Governor (acting)	Muwaffaq AJLOUNI Minister Chargé d'affaires, a.i. Alternate Permanent Representative of the Hashemite Kingdom of Jordan to the United Nations Agencies for Food and Agriculture Rome
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KENYA

Governor (acting)	George KHANIRI Assistant Minister for Agriculture Ministry of Agriculture and Livestock Development Nairobi
Alternate Governor (acting)	Bruce Misoga MADETE Ambassador of the Republic of Kenya to IFAD Rome
Adviser	Andrew M. MUGAMBI Deputy Director for Agriculture Ministry of Agriculture and Livestock Development Nairobi
Adviser	Abdishakur HUSSEIN Third Secretary Alternate Permanent Representative of the Republic of Kenya to IFAD Rome
Adviser	Joseph K. MBURU Agricultural Attaché Alternate Permanent Representative of the Republic of Kenya to IFAD Rome

KUWAIT

Governor (acting)	Hesham I. AL-WAQAYAN Deputy Director-General Operations and Disbursement Kuwait Fund for Arab Economic Development Kuwait City
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KUWAIT (cont'd)

Alternate Governor (acting)	Lamya AHMED AL-SAQQAF Permanent Representative of the State of Kuwait to the United Nations Food and Agriculture Agencies Rome
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LEBANON

Gouverneur (provisoire)	Fadi HAJJ ALI Premier Secrétaire Représentant permanent suppléant de la République libanaise auprès des Organisations des Nations Unies Rome
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Conseiller	Sami NMEIR Premier Secrétaire Représentant permanent suppléant de la République libanaise auprès des Organisations des Nations Unies Rome
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LESOTHO

Governor	Daniel Rakoro PHORORO Minister for Agriculture and Food Security Maseru
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Alternate Governor (acting)	Tieiso Maxwell KHALEMA Deputy Principal Secretary Ministry of Agriculture and Food Security Maseru
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Adviser	Mathoriso MOLUMELI Chief Economic Planner Ministry of Agriculture and Food Security Maseru
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Adviser	Kabelo Gilbert MAFURA Counsellor Chargé d'affaires, a.i. Alternate Permanent Representative of the Kingdom of Lesotho to IFAD Rome
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LESOTHO (cont'd)

Adviser	Mamosala SHALE First Secretary Alternate Permanent Representative of the Kingdom of Lesotho to IFAD Rome
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LIBERIA

Governor (acting)	Lily Degou BEHNA Ambassador of the Republic of Liberia to the United Nations Agencies for Food and Agriculture Rome
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LIBYAN ARAB JAMAHIRIYA

Governor (acting)	Nuri Ibrahim HASAN Ambassador of the Socialist People's Libyan Arab Jamahiriya to IFAD Rome
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Alternate Governor (acting)	Seraj Addin S.A. ESSA Counsellor Alternate Permanent Representative of the Socialist People's Libyan Arab Jamahiriya to IFAD Rome
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LUXEMBOURG

Gouverneur (provisoire)	Georges HEINEN Directeur Financement du développement multilatéral Ministère des finances Luxembourg-Ville
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Gouverneur suppléant (provisoire)	Jean Henri FALTZ Ambassadeur du Grand-Duché de Luxembourg auprès du FIDA Rome
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MADAGASCAR

Gouverneur suppléant Auguste Richard PARAINA
Ambassadeur de la République de Madagascar
auprès des Organisations des Nations Unies
Rome

Conseiller Monsieur MONJA
Conseiller
Représentant permanent adjoint de la République
de Madagascar auprès des Organisations
des Nations Unies
Rome

MALAWI

Alternate Governor Charles J. MATABWA
Secretary for Agriculture,
Irrigation and Food Security
Ministry of Agriculture, Irrigation
and Food Security
Lilongwe

Adviser Sandram C. MAWELU
Director of Irrigation
Ministry of Agriculture, Irrigation
and Food Security
Lilongwe

MALAYSIA

Alternate Governor Lily ZACHARIAH
Ambassador of Malaysia to the
United Nations Agencies for
Food and Agriculture
Rome

Adviser Hendy ASSAN
Second Secretary
Alternate Permanent Representative
of Malaysia to the United Nations
Agencies for Food and Agriculture
Rome

MALDIVES

Governor Abdulla KAMALUDEEN
Minister for Fisheries, Agriculture
and Marine Resources
Malé

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MALDIVES (cont'd)

Adviser
Mohamed ZUHAIR
Assistant Director-General
Ministry of Fisheries, Agriculture
and Marine Resources
Malé

MALI

Gouverneur
Seydou TRAORÉ
Ministre de l'agriculture,
de l'élevage et de la pêche
Bamako

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

Conseiller
Togora Fadimata ABDOULAYE
Conseiller du Ministre de l'agriculture,
de l'élevage et de la pêche
Bamako

Conseiller
Foune SYLLA
Premier Conseiller
Représentant permanent suppléant
de la République du Mali auprès
du FIDA
Rome

Conseiller
Modibo Mahamane TOURÉ
Deuxième Conseiller
Représentant permanent suppléant
de la République du Mali auprès
du FIDA
Rome

MALTA

Governor
Abraham BORG
Ambassador of the Republic
of Malta to IFAD
Rome

Alternate Governor
Pierre HILI
First Secretary
Alternate Permanent Representative
of the Republic of Malta to IFAD
Rome

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MAURITANIA

Gouverneur suppléant	Hamoud OULD ELY Ambassadeur de la République islamique de Mauritanie auprès du FIDA Rome
Conseiller	Limam Ahmed Ould MOHAMEDOU Chef du Service de la coopération économique Ministère des affaires économiques et du développement Nouakchott

MAURITIUS

Alternate Governor	Moheenee NATHOO Permanent Assistant Secretary Ministry of Agriculture, Food Technology and Natural Resources Port Louis
Adviser	Denis CANGY Consul of the Republic of Mauritius Rome

MEXICO

Gobernador (interino)	Manuel Reed SEGOVIA Director Ejecutivo Comisión Nacional Forestal Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación México, D.F.
Gobernador Suplente (interino)	Rafael TOVAR Y DE TERESA Embajador de los Estados Unidos Mexicanos ante el FIDA Roma
Asesor	Víctor Hugo MORALES MELÉNDEZ Consejero Representante Permanente Adjunto de los Estados Unidos Mexicanos ante el FIDA Roma

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MEXICO (cont'd)

Asesor	Luz Estela SANTOS MALDONADO Consejero Representante Permanente Alterno de los Estados Unidos Mexicanos ante el FIDA Roma
Asesor	Miguel Ángel CERVANTES SÁNCHEZ Director de Proyectos para Cambio Climático Secretaría de Medio Ambiente y Recursos Naturales México, D.F.

MOROCCO

Gouverneur	Hassan BENEBDERAZIK Secrétaire général Ministère de l'agriculture et du développement rural Rabat
Gouverneur suppléant	Ali LAMRANI Chef de la Division financière Ministre des finances et de la privatisation Rabat
Conseiller	Tajeddine BADDOU Ambassadeur du Royaume du Maroc auprès du FIDA Rome
Conseiller	Ahmed FAOUZI Ministre plénipotentiaire Représentant permanent adjoint du Royaume du Maroc auprès du FIDA Rome

MOZAMBIQUE

Governor (acting)	Manuel CHANG Deputy Minister for Planning and Finance Maputo
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MOZAMBIQUE (cont'd)

Alternate Governor (acting)	João CARRILHO Deputy Minister for Agriculture and Rural Development Maputo
Adviser	Francisco Elias Paulo CIGARRO Ambassador of the Republic of Mozambique to the United Nations Food and Agriculture Agencies Rome
Adviser	António PINTO DE ABREU Executive Director Banco de Mozambique Maputo
Adviser	Carla Elisa MUCAVI First Secretary Alternate Permanent Representative of the Republic of Mozambique to the United Nations Food and Agriculture Agencies Rome
Adviser	Fatima GIMO Technical Officer Ministry of Planning and Finance Maputo

MYANMAR

Alternate Governor (acting)	Khin MAUNG AYE Ambassador of the Union of Myanmar to IFAD Rome
Adviser	Aung MYINT Minister Counsellor Alternate Permanent Representative of the Union of Myanmar to IFAD Rome

NAMIBIA

Governor	Paul SMIT Deputy Minister for Agriculture, Water and Rural Development Windhoek
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NAMIBIA (cont'd)

Alternate Governor Desmond R. TSHIKESHO
IFAD Project Coordinator and
Director of Extension and
Engineering Services
Ministry of Agriculture, Water
and Rural Development
Windhoek

Adviser Percy Wachata MISIKA
Minister Counsellor (Agriculture)
Permanent Representative of the
Republic of Namibia to IFAD
Paris

NETHERLANDS

Alternate Governor Ewald WERMUTH
Ambassador of the Kingdom of The Netherlands
to the United Nations Organizations
for Food and Agriculture
Rome

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

NICARAGUA

Gobernador José CUADRA CHAMORRO
Embajador de la República de
Nicaragua ante el FIDA
Roma

Gobernador Suplente Amelia Silvia CABRERA
Ministra Consejera
Representante Permanente Adjunta
de la República de Nicaragua
ante el FIDA
Roma

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NIGER

Gouverneur (provisoire)	Ausseil Mireille FATOUMA Ambassadeur de la République du Niger auprès du FIDA Rome
Conseiller	Abdoulmoumine HADJO YAYE Conseiller Représentant permanent suppléant de la République du Niger auprès du FIDA Rome
Conseiller	Adam MAÏGA ZAKARIAOU Conseiller Représentant permanent adjoint de la République du Niger auprès du FIDA Rome

NIGERIA

Governor (acting)	Malam Adamu BELLO Federal Minister for Agriculture and Rural Development Abuja
Alternate Governor (acting)	Gabriel LOMBIN Minister Permanent Representative of the Federal Republic of Nigeria to the United Nations Food and Agriculture Agencies Rome
Adviser	Alhaji Baba FADA Director for Agriculture Federal Ministry of Agriculture and Rural Development Abuja
Adviser	E. O. OKEKE Director Department of Rural Development Federal Ministry of Agriculture and Rural Development Abuja

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NIGERIA (cont'd)

- Adviser Salisu INGAWA
Director
Project Monitoring Unit
Federal Ministry of Agriculture
and Rural Development
Abuja
- Adviser Alhaji Aliyu ISMAILA
Special Assistant to the
Federal Minister for Agriculture
and Rural Development
Abuja
- Adviser Clement Layiwola LASEINDE
Minister (Economic Desk)
Embassy of the Federal
Republic of Nigeria
Rome
- Adviser Nura ABUBAKAR
IFAD Project Coordinator
Federal Ministry of Agriculture
and Rural Development
Abuja

NORWAY

- Governor Nils HAUGTSVEIT
Director-General
Development Department
Ministry of Foreign Affairs
Oslo
- Adviser Harald TOLLAN
Adviser
Multilateral Bank and Finance Section
Ministry of Foreign Affairs
Oslo
- Adviser Margaret SLETTEVOLD
Minister Counsellor
Permanent Representative of the
Kingdom of Norway to IFAD
Rome
- Adviser Bjørn IMMONEN
Attaché
Royal Norwegian Embassy
Rome

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OMAN

Governor
Khalfan Bin Saleh Mohammed AL NAEBI
Under-Secretary
Ministry of Agriculture
and Fisheries
Muscat

Alternate Governor
(acting)
Habib A. HASNI
Director
International Relations Department
Ministry of Agriculture
and Fisheries
Muscat

Adviser
Rasmi MAHMOUD
Technical Adviser
Embassy of the Sultanate of Oman
Rome

PAKISTAN

Governor
Sardar Yar Mohammad RIND
Federal Minister for Food,
Agriculture and Livestock
Islamabad

Alternate Governor
(acting)
Mirza Qamar BEG
Ambassador of the Islamic Republic
of Pakistan to the United Nations
Food and Agriculture Agencies
Rome

Adviser
Muhammad S. KHAN
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OBSERVATEURS DES ORGANISATIONS INTERGOUVERNEMENTALES

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ANNEX II

a

IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty-Seventh Session
Rome, 18-19 February 2004

AGENDA AND PROGRAMME OF EVENTS

1. In line with the format introduced in recent years, the proceedings of the Twenty-Seventh Session of the Governing Council will include an interactive panel discussion, which, as shown in the Programme of Events, will be held in the plenary on the first day of the Session. Given the increasing relevance of markets and trade for the rural poor and the opportunities and challenges the new trade environment potentially creates for them, the President has proposed as the theme of this discussion “Trade and Rural Development: Opportunities and Challenges for the Rural Poor”.
2. On the second day of the Session, six round-table discussions on topics identified in consultation with the regions will be held simultaneously. Each round table will be chaired by a minister or senior representative from the region concerned; IFAD division directors, country programme managers and senior economists will assist the groups and introduce the relevant topic. National delegations are invited to attend the round-table discussions of their choice and, to maximize interaction, may even wish to have different members attend different discussion groups.

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 Sixth Replenishment of IFAD's Resources
7. Audited Financial Statements of IFAD – 31 December 2002
8. Administrative Budget of IFAD and Its Office of Evaluation for 2004
9. Delegation of Authority to Establish Multi-Donor Trust Funds
10. Progress Report on the Implementation of the Performance-Based Allocation System
11. Progress Report on the Process Re-Engineering Programme (Strategic Change Programme)
12. Report on the Lessons Learned by the International Land Coalition
13. Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification
14. Other Business

Approval of Disclosure of Documents

PROGRAMME OF EVENTS

WEDNESDAY, 18 FEBRUARY 2004

Morning Meeting **10.00-13.00 hours**

10.00-13.00 hours **Inaugural Ceremony
Commencement of Agenda Items**

Afternoon Meeting **15.00-18.30 hours**

15.00-17.30 hours **Panel Discussion on the Theme of Trade and Rural
Development: Opportunities and Challenges for the Rural
Poor**

The interactive panel discussion will provide an opportunity for dialogue on the theme and will include a question-and-answer period. The panel will be composed of high-level experts together with the President of IFAD and the Chairman of the Governing Council.

17.30-18.30 hours **Continuation of Agenda Items**

THURSDAY, 19 FEBRUARY 2004

Morning Meeting **09.30-13.00 hours**

09.30-10.20 hours **Continuation of Agenda Items**

10.30-13.00 hours **Round-Table Discussions**

Six round tables will be held simultaneously by the Fund's operational regions on the following topics:

- Asia and the Pacific: *Rural Enterprises and Poverty Reduction*
- Central Eastern Europe and Newly Independent States: *Promoting Farmers' Access to Markets in Transitional Economies*
- Eastern and Southern Africa: *Challenges and Opportunities for Rural Development Arising from Sector-Wide Approaches*
- Latin America and the Caribbean: *Remittances and Rural Development*
- Near East and North Africa: *Managing Water Scarcity in the Near East and North Africa*
- Western and Central Africa: *Rural Finance in Western and Central Africa*

Afternoon Meeting **15.00-18.00 hours**

15.00-18.00 hours **Conclusion of Remaining Agenda Items, Including General
Statements
Closure of the Session**

ANNEX III

**LIST OF DOCUMENTS PLACED BEFORE THE
TWENTY-SEVENTH SESSION OF THE GOVERNING COUNCIL**

Document No.	Agenda Item	Title
GC 27/L.1/Rev.1	2	Provisional Agenda and Programme of Events
GC 27/L.1/Add.1	2	Schedule of Work
GC 27/L.2 + Add.1	6	Report on the Sixth Replenishment of IFAD's Resources
GC 27/L.3	7	Audited Financial Statements of IFAD as at 31 December 2002
GC 27/L.4 + Add.1	8	Programme of Work and Administrative Budget of IFAD and its Office of Evaluation for 2004
GC 27/L.5	9	Delegation of Authority to Establish Multi-Donor Trust Funds
GC 27/L.6	10	Progress Report on the Implementation of the Performance-Based Allocation System
GC 27/L.7	11	Progress Report on the Process Re-Engineering Programme (Strategic Change Programme)
GC 27/L.8	12	Report on Lessons Learned by the International Land Coalition
GC 27/L.9	13	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 27/L.10		Trade and Rural Development: Opportunities and Challenges for the Rural Poor
GC 27/INF.1		Arrangements for the Twenty-Seventh Session of the Governing Council
GC 27/INF.2		IFAD's Participation in the Debt Initiative for Heavily Indebted Poor Countries: Progress Report for 2003
GC 27/INF.3		Interactive Dialogue on the Theme of Trade and Rural Development: Opportunities and Challenges for the Rural Poor
GC 27/INF.4/Rev.1		Round-Table Discussions
GC 27/INF.5		Status of Contributions to the Fifth Replenishment of IFAD's Resources

ANNEX III

Document No.	Agenda Item	Title
GC 27/INF.6		Financial Highlights for the Year Ended 31 December 2003
GC 27/INF.7/Rev.2		Provisional List of Participants at the Twenty-Seventh Session of the Governing Council
GC 27/INF.8 + Rev.1 + Rev.2	5	Order of Speakers
GC 27/Resolutions		Resolutions Adopted by the Governing Council at its Twenty-Seventh Session

ANNEX IV

a

IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty-Seventh Session
Rome, 18-19 February 2004

RESOLUTIONS ADOPTED BY THE GOVERNING COUNCIL
AT ITS TWENTY-SEVENTH SESSION

1. The Governing Council, at its Twenty-Seventh Session, adopted Resolutions 133/XXVII and 134/XXVII on 18 February 2004.
2. These Resolutions are transmitted for the information of all Members of IFAD.

**RESOLUTION ON THE ADMINISTRATIVE BUDGET OF IFAD
AND ITS OFFICE OF EVALUATION FOR 2004**

Resolution 133/XXVII

Administrative Budget of IFAD and Its Office of Evaluation for 2004

Bearing in mind Article 6.10 of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD;

Noting that, at its Eightieth Session, the Executive Board reviewed and agreed upon a programme of work of IFAD for 2004 in the amount of SDR 323 million and a total Programme Development Financing Facility of USD 29.7 million;

Having considered the review of the Eightieth Session of the Executive Board concerning the proposed administrative budget of IFAD and its Office of Evaluation for 2004;

Approves the administrative budget of IFAD for 2004, as contained in document GC 27/L.4 and GC 27/L.4/Add.1, in the amount of USD 57.2 million for IFAD and USD 4.6 million for the Office of Evaluation, determined on the basis of a rate of exchange of EUR 0.780/USD 1.00;

Decides that in the event the average value of the United States dollar in 2004 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 2004 bears to the budget exchange rate; and

Further decides that Regulation VI, paragraph 2, of the Financial Regulations of IFAD shall be amended so as to delete the second sentence thereof. Unobligated appropriations at the close of the financial year may be carried forward into the following financial year up to an amount not exceeding 3% of the said financial year. This amendment shall enter into force upon the adoption of this Resolution and shall have effect from the financial year 2003.

**RESOLUTION ON THE DELEGATION OF AUTHORITY
TO ESTABLISH MULTI-DONOR TRUST FUNDS**

Resolution 134/XXVII

The Delegation of Authority to Establish Multi-Donor Trust Funds

The Governing Council of IFAD,

Pursuant to Article 6, Section 2(c), of the Agreement Establishing IFAD and to Section 7 of the By-laws for the Conduct of the Business of IFAD;

Authorizes the Executive Board to decide on the establishment of all multi-donor trust funds; and

Requests the President to provide information to the Governing Council on all such decisions taken by the Executive Board.

