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REPORT OF THE SUBCOMMITTEE ON RURAL DEVELOPMENT ON ITS
TWENTY-FOURTH SESSION

(Geneva, 15-17 May 1996)

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INTRODUCTION

1. The twenty-fourth session of the Subcommittee on Rural Development was held at the headquarters of the International Labour Office (ILO) in Geneva from 15 to 17 May 1996. Twenty United Nations organizations and agencies were represented. The secretariat of the ACC Consultative Committee on Programme and Operational Questions (CCPOQ) was also represented, and the International Cooperative Alliance (ICA) and the International Federation of Agricultural Producers (IFAP) participated with observer status. The agenda is contained in annex I, the list of participants in annex II. Mr. G. Gordillo de Anda, Director of the Rural Development Division of the Food and Agriculture Organization of the United Nations (FAO), chaired the session.

2. The meeting was opened by Mr. Gordillo de Anda and a welcome address was given by Mr. Samir Radwan, Director of the Development and Technical Cooperation Department of the ILO. Mr. Radwan recalled the long history of ILO work on rural development and employment issues since its founding in 1919. Rural poverty had assumed increasing importance in the 1970s, with special emphasis on appropriate public policies and redistribution of assets as key elements of rural poverty alleviation strategies. Subsequently, growing evidence of the importance to rural households of rural non-farm employment and remittances from migrant workers, the scale of which was linked to skill endowments and information of labour markets as well as access to credit, were also recognized as vital ingredients of anti-poverty strategies. The 1980s had overemphasized criticism of the negative impact of structural adjustment policies on the poor, which had to some extent diverted attention away from the need for in-depth analyses of the institutional, economic and social changes taking place in rural areas. Recent concern had shifted to the impact of globalization, posing new sets of questions regarding its effects on rural development and poverty. Globalization was manifested, *inter alia*, through a significant shift in international resource flows; total resources had increased substantially, with significant amounts of private investment going to the fast-growing developing countries; official development assistance (ODA) was declining as a proportion of total investment and to some extent was tending to follow private investment to the more rapidly growing economies. However, ODA still represented about 9.3 per cent of GDP in Africa. Other important globalization issues included declining terms of trade for developing countries; environmental degradation; technological developments, including genetic engineering; migration; and the growing significance of speculative capital flows. Mr. Radwan concluded by challenging the Subcommittee to ensure that its work programme continued to be relevant and at the forefront in addressing emerging issues in an imaginative and pragmatic way.

I. MATTERS FOR ENDORSEMENT OR APPROVAL BY THE CONSULTATIVE
COMMITTEE ON PROGRAMME AND OPERATIONAL QUESTIONS

A. Subcommittee Chair, secretariat and modalities
of operation

3. The Chairman explained that FAO would not seek reappointment to the Chair and secretariat of the ACC Subcommittee on Rural Development following the completion of the current term at the end of 1996. In addition to financial constraints associated with those responsibilities, the Chairman observed that FAO had been responsible for those two functions since 1978. He suggested that a change in leadership would provide the Subcommittee with the opportunity to reflect on its objectives and examine the possibility of new modalities of operation.

4. The Subcommittee agreed to establish a small ad hoc working group to explore those issues and prepare a report for consideration by Subcommittee members before submission to the CCPOQ meeting in September 1996. The terms of reference of the working group would be to:

(a) Prepare a revised mission statement;

(b) Analyse options for future inter-agency collaboration in the field of rural development and poverty alleviation;

(c) Circulate findings and recommendations to all Subcommittee members prior to finalization and submission to CCPOQ by the end of August 1996.

5. The working group would be comprised of representatives from the International Fund for Agricultural Development (IFAD), the ILO, FAO, the World Bank and the United Nations Children's Fund (UNICEF). Other agencies may participate following further consultation at their headquarters.

B. Dates and venue of the twenty-fifth session

6. The Subcommittee postponed a decision on the dates and venue of the twenty-fifth session, pending decisions on the report of the working group that would be addressing the question of the future modalities of operation of the Subcommittee.

C. Programme of work for 1996-1997

7. Decisions would be taken on the Subcommittee's programme of work after members had had an opportunity to discuss the report of the working group on the Subcommittee's future role and modalities of operation. As a result, the summaries of the discussion of agenda items at the twenty-fourth session of the Subcommittee, which are contained in section II of the present report, do not contain precise recommendations for future follow-up action. The work programmes of the Panel on Monitoring and Evaluation and the Working Group on

Industrial Contribution to Rural Development for 1996-1997 are contained in annex III.

II. WORK OF THE SUBCOMMITTEE

A. Actions taken and decisions adopted

8. In addition to the matters described in section I above, the Subcommittee welcomed UNICEF's initiative in requesting the inclusion on the agenda of the forthcoming World Food Summit, to be organized by FAO in November 1996.

9. The Subcommittee members welcomed and acknowledged the importance of the World Food Summit, and indicated their willingness to contribute to the success of the Summit during both the preparatory and follow-up processes.

10. A number of detailed comments and recommendations to strengthen further the draft policy statement and plan of action with regard to improving the access of the poor to food, primarily through enhancing their agricultural productive capacity and/or strengthening their food purchasing power, were made by the Subcommittee; they are contained in annex IV.

11. The Subcommittee requested that its comments and recommendations be made available to the members of the inter-sessional working group set up by the Committee on World Food Security to assist in the development and refinement of the draft policy statement and plan of action.

B. Reports by agencies on their policies for micro-financing and rural credit

12. At its twenty-third session, in 1995, the Subcommittee had requested the Department for Development Support and Management Services of the United Nations Secretariat to prepare a report on the issue of micro-financing and rural credit for discussion at its session in 1996. As agreed at the Subcommittee meeting, the Department had subsequently invited interested member organizations and agencies to contribute information on their activities and lessons learned in that area.

13. The report was introduced by the representative of the Department, who summarized the major factors promoting and impeding enhanced access to credit for the increasingly large number of rural poor. After presenting an overview of the historical evolution of the traditional approaches to rural credit since the end of World War II (top-down mechanisms, low interest rates, government and/or donor subsidization of local and national banking institutions), the author highlighted the new forces and emphases that characterized the modern period and that had a direct impact on micro-financing and rural credit, including increasing democratization; globalization; the transition from centralized to market-oriented and privatized economies; the growing number of protracted civil conflicts; rising unemployment; the expansion of the informal sector; a heightened focus on the environment; the proliferation of non-governmental organizations and civil society organizations; growing equality

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for and empowerment of women; declining donor contributions to socio-economic development in developing countries; and new emphases emerging from the World Summit for Social Development, such as the incorporation of the social dimension in economic growth strategies, participatory development, poverty eradication programmes for vulnerable and marginalized groups, and an increased awareness of the need to augment credit for the rural poor as an instrument of employment generation and micro-enterprise development.

14. It was recognized that, with few exceptions (such as the Grameen Bank, the Indonesian People's Banks, the Kenya Rural Enterprise Programme), credit schemes for the rural poor had not been very successful, due to (a) insufficient knowledge of the needs and cultural context of the rural poor; (b) misconceptions about the ability of the poor to repay loans and engage in savings; (c) excessive transaction costs for lending institutions operating in remote rural areas; (d) encumbrances upon borrowers, such as complicated paperwork for loan applications, untimely disbursement of funds, and long travel time to secure loans in the absence of banking institutions operating in close proximity to potential borrowers. On the institutional side, low interest rates created too little return on capital for local banking entities to sustain themselves over a long period of time.

15. The notion was advanced that a more market-oriented approach would create more favourable circumstances for banking institutions to become sustainable and would in the process provide necessary capital to rural borrowers. To enhance lender confidence and provide easier access to credit, United Nations agencies should encourage and assist banks to engage in appropriate practices, such as mobile banking, the establishment of small branches in remote areas, the simplification of loan application procedures, quick and efficient disbursement of loans funds to rural borrowers, peer group or collective lending, and interest rates set at the market level, or slightly above, thus undercutting the exorbitant local money rates of lenders, yet keeping transaction costs low by bringing in a sufficient rate of return for banking institutions to remain viable and increase their chances for sustainability in often remote rural contexts.

16. After the presentation of the overview on conceptual issues, the author drew the Subcommittee's attention to the valuable contributions on the topic that had been provided by a number of member agencies and incorporated into the report. Agencies that had not submitted contributions were encouraged to do so by mid-June. The author then summarized the report's analysis of the factors promoting access to rural credit and the factors constraining or preventing access to credit for the rural poor. A case-study on the successful Kenya Rural Enterprise Programme was presented to show how financial accountability, lack of dependency, simplified procedures and peer group lending (which ensured a higher rate of repayment) fostered institutional (non-governmental organizations in this case) lending to the poor for micro-enterprise development. Finally, the concluding section on the challenge for the future encouraged United Nations agencies to adopt those features of the market-oriented approach in their promotion of increased access to credit for the rural poor. Despite the acknowledged existence of many constraining factors, it was agreed that enhanced access to financial services for the rural poor was an objective whose time had come that represented a critical precondition for enabling the poor to develop

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their capacity and creativity and escape from the cycle of poverty and marginalization that had characterized their situation to date.

17. In the discussion that followed, the Subcommittee expressed its appreciation for the report, both for its conceptual analysis and for its presentation of innovative practical guidelines to improve access to credit for the rural poor. However, a number of issues were raised that would need further attention and analysis, including (a) problems surrounding micro and macro linkages vis-à-vis credit; (b) the level and limits of credit needed for socio-economic expansion and rural development; (c) problems of replicating successful institutions like the Grameen Bank; (d) an implied contradiction between advocacy of a market-oriented approach and the sometimes short-term negative impact of structural adjustment on rural communities; (e) caution about the validity of any general approach in the radically different circumstances that inevitably presented themselves between or even within countries; (f) the difficulty of generalizing about interest rate levels; (g) the importance of including social dimensions, such as health and education, rather than pure economic factors, such as rate of return; and (h) the need for a comprehensive package, including sensitization, training and monitoring, along with credit, to ensure successful micro-enterprise development.

C. Report of the Panel on Monitoring and Evaluation

18. The representative of IFAD, Convener of the Panel on Monitoring and Evaluation, outlined the main issues and conclusions of the Panel's recent session, which had been held in the office of the World Bank in Paris on 24 and 25 April 1996. Representatives from 13 United Nations agencies, three multilateral development banks and four Organisation for Economic Cooperation and Development/Development Assistance Committee (OECD/DAC) bilateral agencies attended the Panel session. The venue and timing of the meeting had been planned to coincide with the DAC Expert Group on Evaluation. The IFAD representative stated the clear intention of the Panel to continue forging relationships with members of the OECD/DAC Expert Group on Evaluation, and to hold early consultations so as to facilitate the future participation in the Panel of those members of the DAC Group who so wished.

19. The Panel meeting had focused on a series of substantive agenda items. First, the Panel had agreed on the need to increase collaborative efforts directed at the elaboration of performance indicators related to rural development. In particular, the importance of providing a framework to incorporate a social perspective complementing the economic dimension was noted. There was a pressing need to revive institutional concern with the assessment of the "social rate of return" of interventions. The Subcommittee endorsed the view that indicators must not only be concerned with income-related benefits but must also focus on benefits pertaining to strengthened institutions, heightened levels of participation and the increased provision of services. It was also noted that although indicators reflecting the satisfaction of beneficiaries with project and programme interventions were difficult to develop, it was important that they be incorporated in the available set of evaluation tools. It was recommended that more collaboration should be undertaken on that issue.

20. The Subcommittee agreed that there were many problems and constraints inhibiting the fixing of a series of standardized performance indicators. Given the complexity of rural development issues, United Nations agencies must respond to the demands of donors and member States regarding the need to measure the success of technical and policy interventions. It was agreed that in the case of grant-financed activities, those demands could create perverse effects: the need to examine rates of success, for example, could lead to the deliberate understatement of success criteria or the limiting of objectives. One of the ILO representatives suggested that a shift from a concern with rates of success to one of rates of achievement could reduce the likelihood of that very real risk. The World Bank representative noted a further perverse effect concerning the tension involved in improving the quality of projects (in terms of success rates and impacts) without stifling innovations by and the creativity of agency staff. The Subcommittee also agreed that there was a need to encourage the involvement of Governments in the evaluation process so as to ensure a common sense of ownership: performance indicators should be seen not simply as policy instruments for donors but also as learning tools for all parties involved.

21. A second substantive agenda item at the Panel meeting had involved ratings. The Subcommittee was informed that the World Bank was reporting in a disaggregated manner on five factors: outcome, sustainability, institutional performance, World Bank performance and borrower performance. The World Bank representative added that although the value and range of those proposed indicators was indisputable, the challenge facing agencies concerned the translation of those ideas into sets of concrete measurable and reproducible indicators, either composite, proxy or real in nature.

22. The Subcommittee was also informed of the presentation made by IFAD of its new Evaluation Knowledgebase System (EKSYST), a computerized database that facilitated the storage and retrieval of project evaluation information that would in future be made available to all IFAD staff via the agency's local area network. In addition, it was proposed that non-confidential information from the database, particularly the section on lessons learned, would be placed on the agency's World Wide Web site for global access. Several Subcommittee members expressed interest in the system and proposed further contact between the agencies' evaluation units on that subject.

23. The IFAD representative stressed the benefits to be derived by agencies from actively sharing information on successful (and unsuccessful) project interventions, and recommended that Subcommittee representatives continue to encourage the respective units in each agency to make relevant information available to IFAD directly or through the Evaluation Forum (EVALFORUM). They were particularly requested to send their success stories in the framework of the learning from each other's successes (LEOS) special programme approved in 1995. The usefulness of that forum for facilitating information exchange between evaluators of meetings on new literature, lessons learned, indicators and methodologies was emphasized.

24. Finally, the Subcommittee was informed of the Panel's intention to continue strengthening links between different agencies and Governments, and to foster consensus and agreement on the most effective indicators, methodologies and reporting standards in the field of rural development.

25. Subcommittee members raised several questions relating to the report on the Panel meeting. Several members referred to related initiatives in their own agencies. The World Bank representative recommended that indicators be further developed not only to assist project implementation but also to provide early warning on the likely impact of project interventions. He recognized the difficulties associated with the development of appropriate proxy indicators for the prediction of likely impacts, but nevertheless underscored their importance.

26. The representative of the United Nations International Drug Control Programme (UNDCP) referred to ongoing efforts in the agency to develop indicators for monitoring the social, economic and cultural impact of project interventions, and endorsed the recommendation of the Panel concerning the need for indicators monitoring the social rate of return of projects.

27. The Chairman recognized the need for and the difficulties associated with the fixing of objectives. Current debates within the United Nations system had called for more attention to be directed towards the identification of clear goals and improvement of techniques for evaluating the impact of agency interventions. The need to ensure greater coherence and accountability had increased the demand for effective performance indicators.

28. In conclusion, the Subcommittee strongly supported the activities of the Panel on Monitoring and Evaluation, and reaffirmed the need to strengthen linkages among Subcommittee members, with a particular emphasis on the sharing of lessons learned.

D. Report of the Working Group on Industrial Contribution to Rural Development

29. The representative of the United Nations Industrial Development Organization (UNIDO), the Convener of the Working Group on Industrial Contribution to Rural Development, reported on the Working Group's seventh meeting, which took place at ILO headquarters at Geneva on 13 and 14 May 1996 and was attended by 14 representatives from nine agencies.

30. UNIDO had prepared, for discussion by the Working Group, an issues paper containing contributions from member agencies on their industrial development projects and programmes that were concerned with rural development and poverty alleviation, as well as a proposal to establish a networking mechanism to facilitate greater inter-agency collaboration at both the field and headquarters levels that would involve the setting up, on a pilot basis for one year, of a database to exchange information on relevant projects, including technical and administrative lessons learned from inter-agency collaboration. It was stressed that the purpose of the Working Group was to facilitate inter-agency collaboration on the development of multisectoral strategies and programmes focused on the industrial contribution to rural poverty eradication, rather than the promotion of industrial development in rural areas per se. Members of the Working Group had expressed a number of reservations about whether there was an actual demand for such a network from the technical divisions in member agencies that dealt with industrial development. None of the agency representatives was

able to provide views on that matter since the representatives were mainly from other technical units.

31. The UNIDO representative informed the Subcommittee that there had been universal agreement in the Working Group on the value of undertaking analytical work on the impact of multisectoral strategies and projects linked with industrial development on rural development and rural poverty eradication, and of sharing the lessons learned both within and among agencies. Such activities could contribute significantly to improving strategy and project design, identifying new areas for attention, and strengthening mechanisms for inter-agency collaboration at the level of field offices, as well as headquarters. The Working Group had welcomed the offer of the representative of IFAD, Convener of the Subcommittee's Panel on Monitoring and Evaluation, to request Panel members to make available information on lessons learned on the industrial contribution to rural poverty eradication.

32. In conclusion, the UNIDO representative noted that for the Working Group to perform a useful function, there was a need for agency representatives to have an established coordinating function within their own agency geared to the work of the Working Group. Since no consensus had been reached on a work programme for 1996-1997, the Working Group had decided to recommend to the Subcommittee that it remain in abeyance while UNIDO consulted with members with a view to reaching agreement on a mutually acceptable work programme. The Subcommittee endorsed that recommendation.

E. Rehabilitation of returnees in rural areas

33. The Office of the United Nations High Commissioner for Refugees (UNHCR) had introduced a conceptual paper on refugee/returnee aid and development at the twenty-first session of the Subcommittee, in 1993, and had submitted position papers on the rehabilitation of returnees in rural areas at its twenty-second and twenty-third sessions, in 1994 and 1995. As requested by the Subcommittee at its twenty-third session, the UNHCR representative gave a brief report on progress on inter-agency consultations and new activities initiated since May 1995 with regard to the rehabilitation of returnees in rural areas. The progress report covered inter-agency activities in, *inter alia*, Mozambique and Liberia, as well as initiatives to assist Rwandan refugees in the Great Lakes Region (Zaire, Tanzania, Burundi), Malian refugees in several neighbouring countries, and Afghan refugees in Pakistan and Iran. A number of those activities had been undertaken in collaboration with other United Nations agencies, particularly the United Nations Development Programme (UNDP), the World Bank, the World Food Programme (WFP) and IFAD, as well as non-governmental organizations.

34. The Subcommittee was informed of a number of lessons learned from those initiatives. Of particular importance was the need to initiate the consultative process with other member agencies from the beginning, including joint programming and agreement on the division of responsibilities. It was also vital to go beyond memoranda of understanding at the headquarters level and to decentralize authority to the country level.

35. It was important to generate employment for both refugees and local inhabitants in order to facilitate the process of local settlement and integration of refugees into host areas. Credit also proved an important issue for refugees both in their countries of refuge and in support of their eventual reintegration in their home countries, since they generally lacked collateral and formal credit institutions were frequently reluctant to lend money to refugees. In addition, it was also common for formal financial institutions to be non-functional in post-conflict returnee situations. UNHCR was preparing to test the Grameen Bank model on a pilot basis in Afghanistan, a rather difficult returnee situation.

36. In the ensuing discussion, the Subcommittee agreed on the need for further inter-agency collaboration at three levels: prevention (here the emphasis was on promoting development in order to reduce possibilities of social tension and conflict and thus prevent outflows of refugees); refugee aid and development assistance to refugees and locals during crisis; and assistance in reintegrating returnees, on a sustainable basis, in the post-crisis situation. With regard to the question of credit, the UNDCP representative noted that the widespread cultivation of narcotics, for example in Afghanistan, could take the form of (illicit) collateral. A number of agency representatives suggested that the Subcommittee could play a valuable role in disseminating to the decision makers in member agencies as well as the international community lessons on successful inter-agency interventions, such as those of UNHCR, the World Bank and UNHCR/IFAD in the field of refugee aid and development, as well as ways and means of preventing conflicts and reducing the negative impacts of the large-scale pressure of refugees on the host populations, thus reducing the spread of political and social instability through wider regions.

F. Development and application of socio-economic indicators to assess progress in rural development

37. The representatives of the ILO, the United Nations Research Institute for Social Development (UNRISD) and FAO presented the report on the development and application of socio-economic indicators to assess progress in rural development that had been requested by the Subcommittee at its twenty-third session. The report was divided into three sections: (a) the types of indicators required; (b) the major issues raised in attempting to collect and develop those indicators; and (c) the identification of possible areas for collaborative action among Subcommittee members in support of indicator development.

38. It was noted that the production of the paper itself attested to the benefits to be derived from direct collaboration among officers from different agencies. It was emphasized that many Subcommittee members were undertaking both independent and collaborative initiatives to develop sets of indicators covering various aspects of technical assistance in order to increase international comparative data and for the effective monitoring of rural development processes within countries. Attention was drawn to ongoing attempts in FAO to develop a broad database incorporating data that would be made available by both countries and United Nations agencies.

39. It was stressed that those and other related initiatives faced many problems; lessons must be learned. Perhaps the two largest constraints inhibiting effective indicator development at both the national and international levels were cost and consensus. The lack of common definitions of rural development and the inevitable imprint of political and ideological concerns on all indicators meant that it was impossible to establish consensus on a best series of indicators. In addition, a series of further constraints were recognized:

- (a) Gaps in data availability;
- (b) Limited reliability of existing data;
- (c) Lack of suitable time-series data;
- (d) Insufficient use of indicators in policy-making processes;
- (e) Frequently inconsistent and incomparable data;
- (f) Difficulty of defining suitable composite and proxy indicators;
- (g) Problems associated with combining international, national and local data.

40. The Subcommittee agreed that United Nations agencies must take the lead in ensuring accurate, consistent and reliable data, and in the promotion and demonstration of the vital importance of using sound indicators in the policy-making and technical assistance evaluation processes.

41. Six areas for possible future collaboration among Subcommittee members were identified:

- (a) Preparation of common guidelines for the measurement of rural poverty;
- (b) Harmonization of United Nations databases;
- (c) Enhancement of the effective use of existing data;
- (d) Monitoring of social dislocation;
- (e) Promotion of the use of indicators, with particular reference to the monitoring and evaluation of policies and programmes.

42. It was stressed that the narrow focus of the above-mentioned areas reflected a concern to identify initiatives that could be carried out feasibly through the Subcommittee mechanism and that required limited financial and human commitments by its members. It was noted that the first proposal referred to the provision of guidelines to Governments and relevant institutions on the collection and analysis of specific poverty-related indicators. For example, it was noted that there was a lack of international consensus on the most effective methods for calculating household and individual income and/or consumption statistics for the estimation of the percentage of people below the poverty line

in given geographical units, and for the distribution of people and groups around the poverty line. It was recognized that such indicators did not constitute definitive poverty indicators, nor were they the only poverty indicators. However, they were the indicators that many agencies and Governments employed, although their calculation was still characterized by inconsistent collection and calculation methods. As a result, it was proposed that a small group of experts be convened to produce a series of brief methodological guidelines for distribution to agencies and countries. It was felt that that activity represented an example of the type of activity that could be carried out effectively and efficiently under the aegis of the Subcommittee. Although some members of the Subcommittee reaffirmed earlier comments regarding the difficulties of establishing consensus on almost any poverty or development-related indicator, the representatives of ILO and IFAD proposed that they would explore possible modalities for the formation of such a working group and would report back to the other Subcommittee members.

43. Similarly, the Subcommittee debated the need for attempting to harmonize United Nations databases. It was agreed that errors and inconsistencies should be eliminated, but it was noted that many of the differences reflected legitimate differences in concerns and methods of calculation. Several members also commented on the need to define common objectives and goals prior to any attempt to harmonize and standardize United Nations databases. Members of the Subcommittee noted the need to expand the remit of conventional indicators, in particular the need to increase the collection of gender-disaggregated information and data on processes of environmental degradation, and to develop indicators that were sensitive to both spatial variations at the subnational level and temporal variations, with particular reference to changes in household living standards throughout the cropping cycle.

44. In conclusion, the Subcommittee supported the call to increase cooperation and collaboration among members, but recognized the financial, technical, human and taxonomical constraints inhibiting the onset of full cooperation between agencies. None the less, it was agreed that members should continue to examine the most effective modalities for overcoming those constraints in order to extend the quality and range of indicators available to countries to effectively support the design, execution and monitoring and evaluation of policies and programmes.

G. Institutional framework for promoting rural-urban linkages

45. The representatives of the United Nations Centre for Human Settlements (Habitat) provided a review of the rural dimension in the agenda for the Second United Nations Conference on Human Settlements (Habitat II) (Istanbul, 3-14 June 1996), and in addition, introduced the paper on institutional frameworks for the promotion of rural-urban linkages that had been requested at the twenty-third session of the Subcommittee. It was stressed that urbanization was one of the defining trends of the late twentieth century. By the start of the next millennium, over 50 per cent of the world's population were expected to live in urban areas. Contemporary urban growth rates were more than double the equivalent rural rates. And of particular relevance to the Subcommittee's concern with rural development issues, the major share of current and future

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urban growth would be concentrated in small and medium cities, a trend that emphasized the imperative need to promote and strengthen urban-rural linkages.

46. The Habitat representatives noted that the global plan of action that would be discussed at Habitat II was organized around two themes: adequate shelter for all and sustainable human settlements in an urbanizing world. The global plan of action would recognize a series of rights and responsibilities and would advocate new institutional arrangements and methods of implementation. People had a universal right to adequate land and shelter, and Governments were invested with an intractable obligation to satisfy those rights. The renegotiation of roles and functions that had accompanied the processes of political and economic liberalization under way in many countries had assigned new roles to institutions and actors. No longer was the State viewed as the unique provider for low-income housing. Instead, the State was responsible for ensuring an appropriate enabling environment that would allow for the successful elaboration of sustainable shelter provision strategies. Similarly, it had been recognized that future shelter strategies must be grounded in principles of partnership, linkage, participation and the involvement of all levels of the social order: State, community, civil organizations and the private sector and market.

47. The emergence of those new arrangements called for new rules and the creation of new incentives. In addition to the provision of an appropriate enabling environment, the State, for example, should also confront substantive issues, such as the provision of incentives to encourage the participation of the private sector and civil society; ensure the supply of sufficient, equitable and secure land resources; facilitate access to appropriate technology; and secure access to credit and other financial requirements through the mobilization of necessary resources and the creation of appropriate institutions. Similarly, civil society, organizations and institutions had been assigned an elevated role in the emerging institutional framework for the promotion of urban-rural linkages. This involved, *inter alia*, mediation between Governments and communities, helping to channel the demands of the latter into the decision-making processes of the former. Furthermore, the potential of those organizations to involve themselves directly in the provision of vital goods and services at the local level had been increasingly recognized. Finally, the new institutional framework outlined in the paper submitted to the Subcommittee underscored the need for heightened participation in the provision process, in particular in consolidating vital elements of rural-urban linkages, especially transport, infrastructure and appropriate technologies.

48. An important point emphasized in the Habitat presentation was the need to frame interventions in ways that accorded due respect to the specific conditions that pertained to each locality. The diversity of regions, both in terms of absolute population levels and growth rates, and the geographical diversity of social, natural, economic and technological capital bases meant that interventions should be formulated and executed locally, and should be based on the full participation of local public, private and civil institutions in all relevant decision-making processes.

49. Several members of the Subcommittee endorsed the need to heighten the participation of civil society organizations in the shelter and infrastructure

provision processes. Furthermore, members recognized the need to disseminate examples of successful cases more widely. It was also observed that the increased participation of non-traditional actors and agencies (civil society institutions and organizations, the private sector etc.) would call for the formulation of new rules and procedures and the clarification of new roles and functions.

50. The Subcommittee also noted the immense cost constraints associated with almost all forms of infrastructure provision. Historic examples of large-scale public-sector infrastructure had often resulted in immense debts, and could not be supported in the contemporary climate of reduced public-sector budgets and political and financial decentralization. It was therefore noted that the public sector would need to apply commercial principles when involved with infrastructural investment in support of strengthening urban-linkages; should broaden the competitive base of infrastructure providers; should guarantee the involvement of end-users in the design and implementation stages of the investment process; and should ensure that people's needs were met with services of appropriate quality and price through such mechanisms as efficient legal frameworks, the creation of a suitable enabling environment and the necessary regulation of the whole infrastructure provision process.

51. Several members of the Subcommittee underscored the need to examine implementation issues, in particular to identify the most effective points of intervention for collective or individual United Nations agency assistance. The need to undertake further studies to assess the impact of the process of urbanization in areas that had hitherto been rural, as well as the ruralization of urban areas in certain regions, such as Latin America and sub-Saharan Africa was noted. The Subcommittee also recognized that in spite of the almost universal calls for the privatization of many activities previously undertaken by the public sector and the recognition of the efficiency gains to be derived from subsidiarity in both decision-making, administration and resource mobilization, Governments retained a commitment to ensure universal access to shelter and to promote and strengthen urban and rural linkages.

52. In conclusion, the Subcommittee agreed that the continued strengthening of urban-rural linkages was of vital importance. The Subcommittee also recognized that there was a pressing need to examine the most effective form of incentives to ensure the necessary participation of the private sector and civil society in the shelter and infrastructure investment processes.

H. World Food Summit: contribution of the Subcommittee

53. The Subcommittee welcomed UNICEF's initiative in requesting the inclusion on the agenda of the forthcoming World Food Summit, to be organized by FAO in November 1996. The representative of FAO informed members of the arrangements made for preparing and holding the Summit. The UNICEF representative proposed that the Subcommittee on Rural Development prepare a statement as its contribution to the World Food Summit policy statement and plan of action, and to facilitate that task, he introduced a draft text highlighting rural development and poverty issues of relevance to the draft policy statement and plan of action for review and discussion by Subcommittee members.

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54. The Subcommittee members welcomed and acknowledged the importance of the World Food Summit, and indicated their willingness to contribute to the success of the Summit during both the preparatory and follow-up processes.

55. In recognition of the important role of rural development in the eradication of poverty and the objective of the Summit of attaining universal food security, the Subcommittee members strongly endorsed the broad thrust of the draft policy statement and plan of action. A number of detailed comments and recommendations to further strengthen the draft policy statement and plan of action with regard to improving the access of the poor to food, primarily through enhancing their agricultural productive capacity and/or strengthening their food purchasing power, were made by the Subcommittee and are contained in annex IV.

56. The Subcommittee requested that those comments and recommendations be made available to the members of the Inter-sessional Working Group of the Committee on World Food Security to assist in the development and refinement of the draft policy statement and plan of action.

I. Livelihoods, fragile ecosystems and rural development

57. The representative of the United Nations Environment Programme (UNEP) outlined the issues surrounding dryland ecosystems raised in the paper entitled "Livelihoods, fragile ecosystems and rural development", following the request made to UNEP by the Subcommittee at its twenty-third session. He noted that dryland ecosystems constituted one of the world's five fragile ecosystems identified in chapter 10 of Agenda 21. They covered over six billion hectares incorporating 41 per cent of the world's total land surface, and were home to over 900 million people. It had been estimated that over 10 per cent of those populations were already affected by desertification. Increasing population pressures and growing competition for water resources would only heighten the problems afflicting those ecosystems. The report noted that there was an urgent need to increase the level of data collection on dryland ecosystems, and to promote the development and introduction of effective dryland management techniques.

58. The scarcity and unpredictability of rainfall in dryland ecosystems was one of the principle causes of the unrelenting degradation of the world's dryland ecosystems. It had been estimated that over 80 per cent of environmental degradation in the Sahel stemmed from rainfall variations, whilst only 20 per cent was directly attributable to poor resource management. The links between environmental degradation and rural poverty were undisputed. The Sahel had suffered five severe droughts in the twentieth century, which had led directly to increases in desertification and the growing incidence of poverty in the region.

59. The degradation of dryland ecosystems had resulted in land-use changes. Pastures, for example, were often converted to crop production, and cattle and camel grazing areas were downgraded into goat and sheep grazing areas. Such land use changes often accentuated rates of degradation. Similarly, degradation often led to mass migration. In many cases, migration represented a partial

palliative to the degradation process, in that it reduced population pressures on the land and lessened the intensity of land use. It was not, however, a solution to the problem. First, migration could lead to increased rural poverty elsewhere. Second, examples from the Sudan at the time of the 1984 drought indicated that out-migration by one group could be followed by in-migration by another, thereby maintaining land pressure. The need to ensure access to credit to support recovery measures by communities and households following desertification and drought was also emphasized.

60. It was noted that dryland degradation and desertification were not confined to the world's poorer nations. Over 100 countries suffered desertification, including comparatively high-income countries, such as Australia, Italy and Spain, which demonstrated that dryland protection and anti-desertification initiatives must be developed on a global scale. UNEP had responded to that need by elaborating awareness-raising activities, most notably including the creation of "Saving the dryland" awards. Eight examples of successful dryland management initiatives had been recognized. It was hoped that such publicity would demonstrate to the world community that land degradation and desertification could be controlled. Members of the Subcommittee commended the initiative, and suggested that it could act as a model for other rural development-related awareness-raising activities.

61. Several other issues were raised by the members of the Subcommittee. It was noted that the growing attention directed towards environmental concerns by many United Nations agencies and the large increases in the number of countries that had established ministries with mandates directed specifically at environmental issues since the foundation of UNEP attested to the agency's continued fulfilment of its mandate.

62. The World Bank noted that the eviction of rural development issues from the policy agenda of many countries and international agencies in the last decade had exacerbated the problems of many dryland ecosystems, leading to their increased marginalization. Technologies for improved dryland and management were available, and renewed interest in food security issues meant that increased efforts would be called for in order to mobilize greater resources for the conservation and preservation of dryland areas. Several members of the Subcommittee endorsed the view of the IFAD representative that it was necessary to examine the role of large and powerful interest groups in the degradation of dryland ecosystems. Many large agro-industrial units were responsible for wide-scale deforestation, overgrazing and desertification,

63. It was suggested that the broad interest in dryland ecosystem issues demonstrated the need for wider cooperation between agencies in the formulation of related interventions. It was also noted that there should be an increase in studies concerned with the social and socio-economic impacts of the degradation of dryland ecosystems. Again, the topic illustrated the need for the strengthening of partnerships and coalitions in order to confront rural development and rural poverty issues. The inclusion of a broad range of civil society and private-sector actors into the policy-making and decision-making processes was problematic but it was also vital.

J. Learning in rural areas: demand, structures and functions

64. The representative of the United Nations Educational, Scientific and Cultural Organization (UNESCO) introduced a report on learning in rural areas, which had been requested by the Subcommittee at its twenty-third session. He explained that the report covered four broad themes:

- (a) Key rural learning issues;
- (b) Contemporary needs and demands;
- (c) Structures and modalities for the satisfaction of these demands;
- (d) Conclusions and recommendations.

The representative emphasized that the link between illiteracy and education and rural poverty was unequivocal: repeated studies had demonstrated that the social and economic returns on investment in education outweighed any other form of investment. Education, literacy, training and learning were critical features of the rural development process. Indeed, education acted as a determining condition of rural transformation.

65. Learning was defined as a multidimensional concept that embraced the full range of informal and formal education procedures, including basic education, tertiary and higher education and adult education. Above all, it was stressed that education concerned the exchange of knowledge and information among people, and included basic literacy and numeracy skills, crop production and marketing information, primary health care information and parenthood advice. As a result, learning-related activities embraced multiple target groups, all with specific needs, including poor rural women and the very young and the very old. The greatest priority, however, concerned the provision of basic education and basic skills to the 130 million children who were denied access to school and the more than 1 billion illiterate adults in the modern world. Further, the Subcommittee recognized the importance of the increased social and economic returns accruing from investment on basic education and its consequential impact on rural transformation and development.

66. The Subcommittee endorsed the need to ground learning-related policy initiatives in democratic and participatory decision-making structures and institutional decentralization. The emphasis on local provision mechanisms, however, did not reduce the responsibility of national and regional governments to ensure sufficient resources and to guarantee the quality of the overall output.

67. The UNESCO representative outlined the recommendations that stemmed from the report. Rural learning mechanisms should reflect local exigencies and contingent conditions and capacities. Similarly, they should concentrate on teaching basic knowledge and skills and give priority to practical skills and learning. As a result, it was clear that distinctions should be made between rural and urban education structures, procedures and goals. Furthermore, it was noted that there was a continual need to evaluate the diverse range of learning mechanisms at the national, regional and local levels. The growing importance

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and contribution of non-governmental groups, including universities and civil society organizations, was noted. This last point was endorsed by several members of the Subcommittee: the declining budgets of central Governments and the increasing recognition of the value of civil society organizations meant that efforts should be made by both international organizations and national Governments to establish mechanisms for heightening the participation of workers' and producers' organizations and other civil society institutions in the learning process.

68. Several issues were raised in the ensuing discussion of the report. The UNCHS representative suggested that in many instances, the distinction between urban and rural learning needs represented an artificial distinction and could lead to the ascription of inferior status to rural demands and their consequent marginalization. Although the representative recognized that environmental variations and the differing end-user requirements demanded a certain degree of flexibility, it was vital that that did not lead to any form of marginalization. That view was endorsed by the UNESCO representative, who placed particular emphasis on the specific needs of rural women.

69. The World Bank representative noted that many of the recommendations appeared to be unduly supply-driven and managed from above. In addition, the seeming absence of direct policy recommendations and the lack of mechanisms for creating a more effective incentive environment was noted. The almost global trend of fiscal decentralization, local empowerment and the privatization of many extension services demanded new initiatives and institutional arrangements.

70. The problem of child labour and the potentially palliative effect of increased access to education was recognized by the Subcommittee. It was also observed that international organizations and national Governments must direct more attention to the sustainability of learning initiatives. Sufficient financial and institutional resources must therefore be made available.

71. The members of the Subcommittee especially emphasized the need for decentralized and participatory education structures. In addition, the immense importance of human resource development for rural transformation was recognized by the Subcommittee. Furthermore, members recognized that there was a need to direct attention towards the benefits to be derived from the synergies among the different actors and agencies involved, including international organizations, national Governments, civil organizations, communities and even markets. Subcommittee members should seek to identify the precise roles, comparative advantages and necessary points of intervention of each of those different actor groups in the learning process. In addition, it was noted that attention should not focus exclusively on advocacy. Detailed consideration should be given to institutional, financial and other constraints inhibiting the effective implementation of the Subcommittee's recommendations.

K. Modalities for strengthening the functioning
of the Subcommittee

72. The Chairman explained that FAO would not seek reappointment to the Chair and secretariat of the ACC Subcommittee on Rural Development following the

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completion of its current term at the end of 1996. In addition to obvious financial constraints associated with those responsibilities, the Chairman observed that FAO had been responsible for those two functions since 1978. He suggested that a change in leadership would provide the Subcommittee with the opportunity to reflect on its objectives and examine the possibility of new modalities of operation.

73. The Subcommittee agreed that members had not been consistently successful in drawing attention to the importance of rural development and poverty alleviation issues within their own organizations, and particularly in conveying Subcommittee recommendations to senior management levels. Several causes were identified. First, it was noted that the importance and emphasis attached to rural development varied considerably among member agencies. Many Subcommittee participants were not able to insert their participation in the Subcommittee within their own work programme activities, and thus had no budget for collaborative work with Subcommittee members, so that some member agencies were not able to make the best use of the Subcommittee mechanism. Second, it was recognized that the Subcommittee, did not have a natural interface with an intergovernmental body, as in the case of other Subcommittees, such as the Subcommittee on Statistical Activities, the Subcommittee on Drug Control, the Subcommittee on Nutrition and the Inter-Agency Committee on Sustainable Development. That made it more difficult for the Subcommittee on Rural Development to identify demand by countries for its services, as well as ways in which it could contribute to assisting national efforts in implementing the commitments adopted at recent world conferences. Third, it was agreed that the Subcommittee should become more task-oriented and should develop unique value-added products for member countries and agencies.

74. Following consultation with the CCPOQ representative, the members of the Subcommittee concluded that a small ad hoc working group should be formed to explore those issues and prepare a report on its findings for consideration by Subcommittee members before submission to the CCPOQ meeting in September 1996. The Subcommittee specified a clear mandate for the working group to:

- (a) Prepare a revised mission statement;
- (b) Analyse options for future inter-agency collaboration in the field of rural development and poverty alleviation;
- (c) Circulate findings and recommendations to all members for their comments prior to finalization and submission to CCPOQ by the end of August 1996.

75. It was recognized that participation in the working group would require financial and human resources. Following proposals from several members, it was recommended that IFAD, ILO, FAO, World Bank and UNICEF should participate in the working group. UNEP expressed an interest in participation but informed the Subcommittee that a decision could only be taken following further consultation at UNEP headquarters. It was agreed that all members would be entitled to participate and all would be encouraged to make comments on the draft report.

L. From vision to action in the rural sector

76. The presentation from the World Bank centred on a recently published document, entitled "From vision to action in the rural sector", and ongoing work to reorient and revitalize the role of the World Bank Group in supporting rural development, the cornerstones of which were: (a) global and national food security; (b) increasing rural incomes and reducing poverty; and (c) sustainable management of natural resources. The urgency and emphasis that was being given to the action plan stemmed from concerns that agricultural and rural development issues had slipped from national agendas, at a time when the world food demand was set to double over the next 30 years, when increased production would have to be derived primarily from intensification rather than new land development and irrigation, and when degradation of natural resources was threatening food supplies and the basic livelihoods of the poor. The President of the World Bank, Mr. James Wolfensohn, had given strong support and impetus to the action plan and its implementation.

77. The main recommendations of the action plan were to:

(a) Strengthen the process by which country assistance strategies were formulated (i.e. the basis for subsequent support programmes), giving particular attention to ensure that rural development issues were integrated into the country strategies;

(b) Improve the quality of the project portfolio, with a target of 80 per cent satisfactory in terms of impact and sustainability by the year 2000;

(c) Focus international attention on rural development;

(d) Enhance the capacities of the World Bank Group, both internally and through actively building strategic alliances with other institutions/agencies.

78. The action plan specified what types of interventions in the past had not worked or, because of changing circumstances, needed to be dropped, such as centralist integrated rural development; directed credit; which was distortionary and led to misallocation; frontier settlement type projects; support for parastatals even where the private sector would be more efficient; and plantation crop development and processing. New approaches shown to be effective were to be encouraged, such as fiscal and legal decentralization; local and community based rural development; local management of irrigation schemes; and participation in natural resource management. Other promising areas were to be actively evaluated, such as river basin management; biodiversity management in the context of production intensification; integration of food policy; and nutrition objectives in rural development assistance.

79. The next step for the agricultural and natural resource staff of the World Bank was for a business case to be prepared by 15 July 1996 that would distil the extensive actions proposed in annexes to the above-mentioned document into a narrower set of priorities and options for discussion with the President of the World Bank and senior management. As had been the case with the current

document, broad collaboration was being encouraged in the process of putting the new action plan into effect.

80. The presentation raised several issues. First, the members of the Subcommittee agreed that the World Bank should be congratulated for the new initiative. It represented a decisive step forward when compared to many past advocacies, and was both coherently outlined and technically justified. It was also noted that the programme document lacked a clear institutional framework. It did not identify the precise modalities required for implementation and the arrangements required for ensuring the necessary consultation with all levels and sectors of society. It was also recognized that it was important to establish and communicate the new rules, rights and responsibilities implied by the new approach at the national and international levels. Further issues raised included the possible need to modify existing World Bank procurement regulations. There was currently a degree of uncertainty about whether many of the current rules determining World Bank procurements were amenable or compatible with the new objectives identified in the action plan. The UNDCP representative drew attention to the question of whether the action plan could and would be applied to illicit drug production areas. Current conditions provided a strong potential for the implementation of alternative agricultural development in illicit drug production areas. It was therefore seen as vital that the action plan be directed at those areas as well.

81. In conclusion, it was recognized that the formulation and implementation of the new strategies identified in the action plan should involve the active participation of all stakeholders, and should create spaces and opportunities for supervision by local and non-local stakeholders and interest groups, in particular rural producers and civil society organizations and institutions. The Subcommittee recognized that the action plan represented a potential point of intervention for its agencies. Possible modalities and the precise forms of potential intervention should be examined in the near future.

M. Building partnerships and coalitions for rural development

82. The representative of FAO provided an outline of current perspectives shaping the FAO approach to rural development. FAO had identified the building of coalitions and partnerships as one of the principle areas in which it was able to intervene strategically in the rural development and policy-making processes in a way that would provide unique value added to Governments and the rural population. The presentation sought to explore the substantive and conceptual changes that informed the new technical advocacy.

83. New agricultural models were emerging in the world's regions, which were the product of an almost global respect for the need to pursue policies for political and economic liberalization. The call for liberalization was predicated on two underlying assumptions. First, that a properly constructed market, rid of distortions and privileges, was the most effective means of distributing rights and wealth in society, second, there was the assumption that political freedom and pluralism represented the only way of incorporating the needs of individuals within the decision-making process. It was recognized by the FAO representative that liberalization was not an homogeneous process: its

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precise form was determined by the exigencies and contingent conditions found in specific locations. In particular, it was stressed that three sets of local factors determined the precise form and function of liberalization strategies in given contexts: the sum of total capital stocks in a region (i.e., social, human, natural and man-made capital bases), the nature of the decision-making process and the overall thrust of policy design and implementation.

84. It was suggested that a number of new characteristics defined the new agricultural model that was emerging in many countries, as follows:

- (a) Expanded agriculture;
- (b) Contract agriculture;
- (c) Urban agriculture;
- (d) Associative agriculture;
- (e) Flexible agriculture;
- (f) Human capital agriculture;
- (g) Feminized agriculture;
- (h) Integrated agriculture.

85. The Subcommittee recognized three other important features of the new agricultural model:

- (a) Multifunctional agriculture;
- (b) Biodiverse agriculture;
- (c) Privatized agriculture.

86. The presentation endorsed the centrality of institutions in the successful reform process. Institutions defined the rules of the game and the set of constraints that shaped human action; they constituted the interface through which the differing rationales of the various elements of the social order (State, markets, community and associations) were mediated. The FAO representative emphasized the need for revived linkages and coalitions in rural society. Functional linkages grounded in the principles of participation and inclusion ensured that the efficiencies and dynamism of a newly liberalized economic and political order were extended to all sections of the rural population. In conclusion, the representative of FAO proposed a new covenant for rural development that sought to ensure change with continuity, that was concerned with the construction of new coalitions, and that was based on the establishment of common consensual goals on a number of issues, such as well-being, governance, productive efficiency and sustainability. The acceptance of that model would provide new challenges for the broad spectrum of architects of rural development, ensuring the most appropriate direction of change and creating the necessary institutional supports.

87. The presentation raised several issues. Members of the Subcommittee recognized that increased efforts were needed to ensure the participation of rural organizations and other civil society institutions in the transformation and policy-making processes, and that policy measures should guarantee that poor and vulnerable groups were not marginalized in the process of liberalization. In addition, much emphasis was placed on the importance of rural cooperatives in ensuring the growing efficiency, competitiveness and capitalization of rural producers.

88. The Habitat representative highlighted the significance of traditional tenure regimes and other forms of common property resource management, as well as the potential problems of privatization. The representative of FAO supported these arguments, stressing that FAO was concerned with the identification of the most effective tenure regimes for given localities, an approach that could lead to advocacy for the continuation of traditional and common regimes, even in a context of overall economic liberalization.

89. It was also noted by members of the Subcommittee that globalization was a central feature of the contemporary phase of economic liberalization. Globalization meant that local and national economies were increasingly influenced by supranational forces and tensions. That new conditionality demanded the identification of new international rules and partnerships. The increasing significance of news media was recognized as an important aspect of the political liberalization process under way in many countries, which extended the opportunity for civil society organizations and institutions to promote issues at the national and international levels, and therefore represented a vital new resource in the political armoury of civil society.

90. In conclusion, it was recognized that those changes and consequent new advocacies demanded that attention be directed at the issue of implementation. The Subcommittee could play a valuable role in identifying the precise ways in which coalitions, partnerships and new associations could be constructed in rural society, with particular emphasis on those that strengthen rather than weaken the participation and well-being of rural society's most marginalized and vulnerable groups. That was seen as a first step leading to practical inter-agency collaboration in supporting the formation and/or strengthening of such coalitions, partnerships and new associations at the country level, and facilitating the involvement of civil society organizations in the policy decision-making process.

Annex I

AGENDA FOR THE TWENTY-FOURTH SESSION

1. Opening address: ILO.
2. Adoption of the agenda.
3. Report by agencies on their policies for micro-financing and rural credit.
4. Report of the Panel on Monitoring and Evaluation.
5. Report of the Working Group on Industrial Contribution to Rural Development areas.
6. Rehabilitation of returnees in rural areas.
7. Development and application of socio-economic indicators to assess progress in rural development.
8. Institutional framework for promoting rural-urban linkages.
9. World Food Summit: contribution of the Subcommittee.
10. Livelihoods, fragile ecosystems and rural development.
11. Learning in rural areas: demand, structures and functions.
12. Modalities for strengthening the functioning of the Subcommittee.
13. Programme of work and time-frame for 1996-1997.
14. From vision to action in the rural sector.
15. Building partnerships and coalitions for rural development.
16. Any other business.
17. Adoption of the report.

Annex II

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Annex III

PROGRAMME OF WORK OF THE PANEL ON MONITORING AND EVALUATION
AND THE WORKING GROUP ON INDUSTRIAL CONTRIBUTION TO RURAL
DEVELOPMENT FOR 1996-1997

The Subcommittee on Rural Development endorsed the work programme of its subsidiary bodies set out below.

1. In its 1996-1997 work programme, the Panel on Monitoring and Evaluation will:

(a) Examine success indicators for rural development programmes and projects supported by United Nations agencies, especially those involving participatory approaches. The focus will be on a cluster of issues that have to do with social organization resulting from the efforts at group formation, in the context of a participatory approach to rural development, looking at assumptions, results and indicators. A paper along those lines will be prepared by IFAD, in consultation with other agencies, for discussion by the Panel in 1997;

(b) Continue to play an important role in establishing and strengthening links between evaluation units of different agencies, and sharing information concerning their activities, results and plans. That crucial activity will be undertaken both during the Panel's annual meeting as well as through the Evaluation Forum on the Internet.

2. The Working Group on Industrial Contribution to Rural Development will remain in abeyance, while the Convener, UNIDO, consults with member agencies with a view to reaching agreement on a mutually acceptable work plan. The Convener of the Panel on Monitoring and Evaluation will request Panel members to provide available information on lessons learned on the contribution of industrial development to rural poverty eradication and to disseminate relevant information through the Evaluation Forum.

Annex IV

WORLD FOOD SUMMIT: STATEMENT OF THE ACC SUBCOMMITTEE ON
RURAL DEVELOPMENT TO THE INTER-SESSIONAL WORKING GROUP
OF THE COMMITTEE ON WORLD FOOD SECURITY

1. The ACC Subcommittee on Rural Development has examined the draft policy statement and plan of action of the World Food Summit from the perspective of its own mandate in the area of rural development and poverty eradication. It fully supports the aim of the Summit to renew the commitment of world leaders at the highest level to the eradication of hunger and malnutrition and the achievement of food security for all, through the adoption of concrete policies and actions at global, regional and national levels. The Subcommittee wishes to share its review of the above-mentioned drafts and to offer some suggestions for consideration with a view to further strengthening their impact.

2. The Subcommittee welcomes the emphasis and priority given in the draft policy statement to rural development and the encouragement of farmers and food producers to use natural resources in a sustainable manner. The Subcommittee believes that a strong statement should be made in the draft policy statement to the effect that the objectives of poverty reduction, sustainable natural resource management and food security cannot be met unless rural well-being in general and a prosperous smallholder agriculture in particular are nurtured and improved.

3. The Subcommittee strongly endorses the commitments to promote sustainable agriculture and rural development, particularly commitment four, which states that Governments shall ensure that food, agriculture and rural development policies encourage adequate and reliable food supplies at the household, national and global levels, and promote sustainable agricultural and rural development. The Subcommittee notes that there are no specific references in the draft policy statement to the general problems associated with poverty, in particular the desperate plight of the poor in accessing food, and recommends the incorporation of explicit references to the linkages between poverty and food insecurity. Such references would further heighten the credibility of the policy statement and reinforce government commitment to securing food security at the local and household levels.

4. It is recommended that the statement on the right to food be further strengthened, building on the above paragraph. In that context, it would be useful to stress the importance of the contribution of food security at the household and local levels to peace and security, thereby reducing the likelihood of massive internal and international migration as well as violence and strife, which so often lead, inter alia, to an increase in the number of displaced people and refugees.

5. In the light of the preceding paragraph, the Inter-sessional Working Group may wish to consider deleting the first sentence of paragraph 5 of the draft policy statement. That would also reinforce its consistency with the draft plan of action, which only refers (para. 7) to the fact that a peaceful and

predictable environment in every country is a condition for progress towards universal food security.

6. The World Food Summit builds upon previous world conferences and should reinforce their key recommendations on rural development, in particular those of the International Conference on Nutrition (ICN) organized by FAO and the World Health Organization in 1992. ICN recognized that inequitable access to food rather than lack of food was the most significant nutrition problem. ICN also highlighted poverty as one of the primary causes of both hunger and the inability of the poor to ensure adequate access to food, safe water and sanitation, education and health services. Those points should also be reflected in the World Food Summit draft policy statement and plan of action.

7. Commitments made at the Fourth World Conference on Women to advance women's participation in the agricultural and rural economy also need to be highlighted. The Subcommittee on Rural Development considers emphasis on the important role of women in rural and agricultural development as well as the achievement of gender equity and equality to be essential for household food security.

8. While recognizing the importance attributed in the draft plan of action to increasing food production, the Subcommittee considers that more attention should be given to addressing the more deeply rooted and structural causes of inadequate access to food by the poor. The document would be strengthened by the incorporation of anti-poverty measures and targets that would contribute, inter alia, to enhanced household food security. The Inter-sessional Working Group could consider identifying the links between secure land tenure and food security for the rural poor.

9. The Subcommittee on Rural Development considers that major emphasis should be placed on the development of the rural microeconomy in order to eliminate poverty. That would reinforce the general recognition in Summit drafts that there has been a relative neglect in both public policies and investment to promote agricultural and rural development as key strategies in the fight against poverty. In addition, growing urbanization in many developing countries means that the food security problems in urban areas also deserve attention.

10. The Subcommittee recommends the incorporation of an additional, specific commitment in the draft policy statement to encourage and enable farmers' organizations, including cooperatives, to assume greater responsibilities for contributing to national, local and household level food security in an innovative and productive manner.

11. Several concrete steps proposed by the draft plan of action for promoting rural development were welcomed by the Subcommittee, such as the call to remove distortionary policies, market controls and restrictions that depress agriculture, food production and rural development and artificially cheapen capital relative to labour (para. 15 (b)) and to develop support infrastructure in rural areas and promote sustainable, income-generating activities throughout society, and support the development of technologies that ease women's time, energy and physical constraints (para. 15 (f)).

12. The draft plan of action recognizes the pockets of vulnerable poor, and emphasizes the promotion of secure and gainful employment opportunities to eliminate poverty (paras. 19-22). It also encourages Governments to provide adequate social safety nets for the poor. Those actions to enhance food security and improve rural living conditions should be accompanied by measures to improve the purchasing power of the poor, and should also be reinforced through the provision of basic social services, especially health, education and training. Strong and effective rural development policies contribute significantly to the alleviation of urban problems through slowing down out-migration from rural areas.

13. The draft plan of action could direct more attention to the political economy of the food sector. Increasing globalization and concentration of trade in staple grains, seeds of staple food crops and fertilizers have placed considerable strain on family farms and agricultural enterprises in many developing countries. There is concern in many developing countries that the Uruguay Round of multilateral trade agreements and establishment of the World Trade Organization will adversely affect the agriculture sector. On the other hand, that creates new market opportunities for many exporting developing countries. The section of the draft plan of action related to commitment five refers in objective 5.2 to the necessity for the food-importing countries to protect themselves from potential instability in world prices and (in para. 47 (a)) to the need to take the necessary steps to mitigate the possible negative effects of food price instability. In that context, the Subcommittee proposes reinforcing international mechanisms and facilities to protect all food-deficit countries in times of high prices, since it is not only the responsibility of those countries to build national food stocks but also the responsibility of the international community to ensure mutual support. In addition, support to policy reform in agriculture should improve the capacity of many food-deficit countries to improve their own production capacities.

14. As to the appropriate level of investments for agriculture, the draft plan of action (para. 50) estimates that \$185 billion will be required annually, a figure some 30 per cent above average agriculture-related investment in recent years. Over 50 per cent of that sum is expected to come from men and women farmers, a quarter from other private investments in the post-production chain and some 20 per cent from the public sector. Those magnitudes may be far beyond the capability of many developing countries. Furthermore, to maintain a flow of \$15 billion annually by the year 2010 to be shared between multilateral and bilateral sources in the ratio of 60:40 (para. 53 (f)) raises a whole set of issues related to development assistance and the conditionalities with which it is often associated. Those issues should be addressed by the drafts.

15. From the perspective of the Subcommittee on Rural Development, it would be helpful to determine the major responsibilities to be taken by different agencies for implementing the draft plan of action. Clear lines of accountability among the international community need to be established. Measurable targets and goals for the draft plan of action are also essential in order to facilitate monitoring of achievements of the World Food Summit. The Subcommittee recommends that the lists of agencies with mandates in particular action areas be made comprehensive.

16. It is recommended to eliminate from the draft policy statement and plan of action as much as possible such words as "adequate" and "appropriate". On the whole, a more vigorous drafting style might be more successful in attracting the attention of policy makers and the general public.
