



SWISS AGENCY FOR DEVELOPMENT AND COOPERATION
SDC



Minutes of the
Seminar for Swiss development organisations and actors

Reduction of Poverty: The Role of Rural Development

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from 9.30 to 16.30

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1 Introduction

1.1 Why this seminar?

Poverty reduction is widely accepted as a key issue in sustainable development. Not only today but since the beginning of development Cupertino more than 40 years ago, poverty reduction has been one of the explicit or implicit objectives. And because poverty was and is located mainly in rural areas, poverty reduction has always been a main concern of rural development.

However, during the last decade rural poverty has persisted and in some situations even increased, while the share of international aid for agriculture and rural development for the least-developed countries and activities relevant for the poor has been small and is still diminishing.

For SDC, IFAD and IC this is an unsatisfactory situation. Profiting from the publication of the Poverty Report 2001 by IFAD, they organized this seminar with the following objectives:

2 Objectives

2.1 The seminar aimed to:

- Contribute to discussion and exchange of experiences among Swiss organisations on collaboration with rural communities to reduce poverty.
- Provide participants with the opportunity to actively contribute to the identification of potentials and constraints at the levels of policy and implementation of poverty reduction interventions.
- Promote further mutual acquaintance between IFAD and Swiss development organisations of poverty reduction programmes and potential areas of collaboration.

3 Methodology

3.1 The way to achieve these objectives:

3.1.1 Morning session

In the morning we worked in plenary session. First the international context of rural poverty, policies and strategies was made the subject of the presentations and the following discussion.

- **Lennart Båge**, President of the International Fund for Agricultural Development **IFAD** and
- **Walter Fust**, Ambassador, Director of the Swiss Agency for Development and Cooperation **SDC**

opened the morning series of presentations.



Rural Poverty Report 2001

Lennart [Båge](#)



Rural Poverty and SDC development strategy; is Poverty our Priority?

Walter [Fust](#)

These two introducing presentations were completed by contributions introducing the three themes of the seminar:

- **Luciano Lavizzari**, Director of the Office for Evaluation and Studies of IFAD, Rome
- **Tushaar Shah**, Director of the International Water Management Institute in Anwand, India
- **Lucile Randria**, Director of the private enterprise "ALIBET.N'NORD", Madagascar



Evaluation of IFAD's Capacity as a promoter of replicable innovations for poverty reduction

Luciano [Lavizzari](#)

Survival Institutions; Co-operation, Markets and the Poor

Tushaar [Shah](#)



Rural Poverty and the role of the private sector: "Experiences from Madagascar"

Lucile [Randria](#)


The summary of these contributions can be found in [Chapter 4.1.](#), the scripts in [Annex II](#)

3.1.2 Afternoon session

In the afternoon the participants splitted up in three groups, with three different focuses. In each of these groups two short input lectures were given and then the participants splitted up in subgroups, discussed the subject and tried to formulate:

- Insights at personal level and at institutional level
- Ideas for possible lines of action for concrete actors


Group I
Institutions and alliances of the rural poor
Input lecture




Institutions and coalition building by the poor

Atiqur [Rahman](#)

Group II
Rural Poverty: the role of the private sector
Input lecture



More success in fighting poverty (Feed back from SDC regional seminar on reduction of poverty)
François [Binder](#)





Poverty reduction as a business role of the private sector
Urs [Heierli](#)

Group III
Innovative approaches and poverty reduction
Input lecture

The debt cycle of the rural poor

Anne-Marie [Holenstein](#)





Financial services for the rural poor
Ruth [Egger](#)

The summary of the lectures and the corresponding discussions can be found in [Chapter 4.2.](#) the scripts in [Annexe III](#)

3.1.3 Conclusions



In particular with poverty, action is more important than discussion

[Felix von Sury](#)

The summary of this contribution can be found in [Chapter 5.1.1](#) the script in [Annexe IV](#)

4 Summary of presentations and discussions

4.1 Morning session

4.1.1 Rural poverty Report 2001, IFAD

Presentation by: Mr. Lennart Båge, President of the International Fund for Agricultural Development, IFAD

Assumption 1:

Without better strategies to translate commitment into impact, poverty remains persistent and might increase, as it does today in certain situations.

More than 1.2 billion people live on less than a dollar a day and the rate of reduction of poverty is less than a third of what is needed to reduce the proportion of the poor by half until 2015. Because three quarter of the poor live in rural areas the sustainable reduction of rural poverty depends on the growth of the rural and agricultural sectors. Four elements are essential as modality of making growth pro-poor and for widening the benefits from this growth;

- Improving the access of rural poor to assets, which includes human assets like education and health but also productive assets, mainly land and water. IFAD particularly stresses the bias against women in the access to these assets, a bias which needs to be broken.
- Improving the access of rural poor to new technologies.
- Improving the access of the rural poor to fair and functioning markets; this includes inputs, products but also finances and last but not least labour.
- Decentralisation of institutions in order to make these institutions accessible to the poor and in order to directly link them to the institutions of the poor.

Assumption 2:

Reduction of rural poverty does not gain momentum because the rural and agriculture sectors are largely neglected.

There is a clear urban bias in most of the Poverty Reduction Strategy Papers. At the same time the real value in Official Development Aid (ODA) fell between 1988 and today while aid to agriculture was reduced even much more. Rural and agriculture sectors must take the spotlight but can only contribute to reduction of poverty, if they are linked to changes of social factors limiting the development of their potentials. It will require patience and long-term commitment. If the 2015 targets are to be reached, more financial resources, including the domestic ones, have to be reallocated to the rural poor for the development of these sectors.

Discussion:

Question: Technologies are available and just need to be adopted. But why is there not sufficient adoption? How much of the available technologies are really suitable for the rural poor?

Reaction: Yes, there is need for more research. The International agricultural research system (CGIAR) did for a long time not focus on specific needs of the poorest farmers. Nowadays suitable technologies are available, but there is no extension to disseminate them.

Question: Rural poverty has been addressed for a long time, but many poor people have become even poorer. Don't we need new approaches on how to reduce poverty?

Reaction: There has been some success. Earlier programmes were top-down and technology driven. This is a major reason why success was limited. To day development processes and interactions between technologies, culture and economy are much better understood.

4.1.2 Rural Poverty and SDC's Development Strategy, Is poverty (really) our priority?

Presentation by: Mr. Walter Fust, Ambassador, Director General of the Swiss Agency for Development and Cooperation, SDC

Assumption 3:

The rural poor are the main losers of globalisation.

The rural poor are our primary target group, being the losers of globalisation because of still increasing populations, low agro-production and continuously declining and highly volatile prices for unprocessed agro-products on the global markets. The question is whether our commitment to reducing poverty translates into strategies and action that make our commitment work.

A main political challenge for us are the facts that in the industrialised countries farmers have been able to mobilise, in the year 2000, the total sum of 327 billion dollars for agricultural subsidies. The Official Development Aid (ODA) in the same year was 6 times less, that is 57 billion dollars, with a very marked decrease in international support to rural development. Even under WTO regime, many OECD countries continue to receive on average prices 38% above world market prices through efficient use of the "green-box" facilities.

Assumption 4:

Where there is no flourishing farm-sector there are also little non-farm dynamics.

Our strategies cannot be focussed on the farm sector only. They need to promote entrepreneurship and market orientation and to take into account and promote urban-rural linkages. The strategies also need to promote a balance between sustainable management of public goods and more short-term interest and needs.

Assumption 5:

Strategic alliances are a precondition for impact at grass-root level.

The building of alliances with partners in SDC priority countries as well as at multilateral level is an essential condition for impact at the grassroot level. In this spirit SDC and IFAD have signed a Partnership Agreement for more cooperation between the operational and evaluation services.

Assumption 6:

The trend in current economic policies is geared towards favouring urban, industrial sectors at the expense of decentralised rural economy.

Economic development theories see their task as the development of an industrialisation process, which is implicitly or explicitly negatively biased against the rural sectors.

The impact of such policies is made still more serious by a very marked decrease in international support to rural development. For this reason SDC is committed to making a difference in the international negotiations such as WTO, Rio+10, Financing for Development Conference.

Discussion:

Question: What do you mean by the link between a successful non-farm sector and a flourishing agricultural sector?

Reaction. It could be an opportunity for a much wider discussion. But it is obvious that when farmers produce more, there is an increase in job opportunity along the whole production chain. Visa versa, when the processing enterprises to provide outlets for surplus and market production collapsed (for instance in Kyrgyzstan after independence), farmers find it difficult to sell their products. There is a recent Oxford (publishers) publication on such linkages in West Africa.

Question: The argumentation for the agricultural sector as an engine for rural development and growth is not new as it was already brought forward in the early seventies. What did we learn since then and why is it so difficult to convince governments and development agencies to continue to support the sector?

Reaction:

- In many countries agriculture has a low social status. It needs revalidating of agriculture in society.
- Impact on the ground of support to agriculture has been rather slow, and for development ministers and decision makers it is crucial to show quick and obvious successes, if they want to be re-elected.
- Funding and development agencies and actors do not sufficiently realise that the key to development is rural growth and its distribution.
- It happens all too often that development organisation follow the changes introduced by big institutions.
- These changes are too often dictated by economic policies based on theories, which do not match realities in LDC and are often negatively biased against rural areas.
- In the next 10 years great development challenges are ahead, in particular with respect to global public goods. The new rationale for commitment and policy coherence between the developed countries on global issues like diseases, climate, fight against terrorism, etc will absorb lots of funds which otherwise might have been available as Official Development Aid.
- Development actors need to learn that they can no longer do their work on a kind of side track. There is an urgent need for more coherence and solidarity between Development Actors for a sustainable future.
- More funds are needed ⇒ a global deal between countries to contribute to redistribution payments, such as a "Least Developed Area" approach or like in Switzerland the "Finanzausgleich" between cantons would be a possible approach.

4.1.3 Evaluation of IFAD's Capacity as a promoter of replicable innovations for poverty reduction

Presentation by: Mr. Luciano Lavizzari, Director, Office for Evaluation and Studies, IFAD

Summary of presentation

IFAD has defined innovation as. "a process through which IFAD, together with its partners, provides improved and replicable ways to deal with development problems/opportunities faced by the rural poor in specific contexts, and promotes their up-scaling".

Some Features of innovation that worked are initiatives which followed a more structured process, addresses a widely shared need of the poor, build on existing knowledge and technologies for the poor, have clear advantages and quick rewards, are affordable, entail low risks and are consistent with cultural and social norms.

A main recommendation from the evaluation is that innovation is a process with different stages, from scouting for new ideas to testing, replication and up-scaling. Essential is to analyse where the weak capacity and capability areas are so that partnership can be formed to cope with specific needs.

To support innovation by partners it is essential to fit the right financial instrument to the right stage in the innovation process, for instance grants for developing new ideas and testing them, loans for their replication and up-scaling.

Discussion

Question: Is it really the role of IFAD to innovate? If so, there is a strong risk that this would stifle local initiatives for innovation. Does IFAD has the required presence at field levels and should IFAD not rather concentrate to support local organisation at the basis of Rural Development in their innovation processes.

Reaction It is a misunderstanding that IFAD wants to do innovation at field levels themselves. It will form partnerships and support innovation through such partners.

4.1.4 Survival Institutions: Cooperation, markets and the Poor

Presentation by: Mr. Tushaar Shah, Director of the International Water Management Institute in Anand, India

Assumption 7:

Where cooperation can not offer significant livelihood benefits to members, institutional interventions will not work, no matter how well designed.

A survival institution enables people to access and exploit economic and livelihood opportunities they find worthwhile. They interact with technologies and with domain conditions, they shape each other to create a development context. A smart design of member-institutions put the members' immediate goals in the center. Their government structure is representative for the aggregates of member goals and is weighted by member-stakes. The operational system is functional to reaching the goals and constantly seeks member allegiance.

Assumption 8:

Is sustainability of institutions essential for development?

Development agencies and programmes put strong emphasis on the sustainability of institutions. Such emphasis is often misplaced since significant benefits are often created by ad.hoc or temporary, task based institutional formations.

Assumption 9:

Institutional interventions in the development world are suspicious of market institutions because their nature and dynamic are too much self-willed and un-manageable.

But lessons learned indicate that the ultimate in promoting institutional change favouring the poor is the art of catalysing, shaping and influencing markets which have the capacity to produce vast impacts quickly, provided we learn how to tame them. The touchstone of genuine market creation is the spontaneous rise of autonomous manufacturers, distributors and dealers. Once stable competition emerges and succeeds, true market creation occurs. It is the smartest route to creating large-scale livelihood benefits for the poor.

Discussions:

Question: Referring to watershed management in India: In watershed development Panchayats are important actors but often do not function well, are burdened with vested interests and often proceed not very democratically. Would you advise to concentrate efforts to work with such existing organisations or to promote the emergence of new ones.

Reaction Work with the existing ones.

Question: You mentioned that local markets are essential to create large scale benefits for the poor. Yet in our work we often do not study local markets and yet our activities very often influence such markets. Do we have to accept inequalities in robust institutions in order that they continue to function and remain of some use to the poor?

Reaction: Yes, inequality within is required for a well functioning organisation. The people who are better off have to realise that poor people are needed as part of the organisation for mutual benefit. Such it is in their interest to realise this inter-dependency and to build on that.

4.1.5 Rural poverty and the role of the private sector: "Experiences from Madagascar"

Presentation by: Mrs. Lucile Randria, Director of "ALIBET.N'NORD" and member of the Town Council of Fianarantsoa, Madagascar

Assumption 10:

Increase of rural poverty is not due to lack of funds.

The trends in poverty clearly indicate that in Madagascar poverty in the Rural areas is still increasing instead of reducing. Mrs Lucile identifies as the main underlying causes for this the increase in corruption and lack of security for rural households and their assets, deficiency in agricultural productivity, lack of access to inputs, services and markets, lack of non-farm employment, lack of skills in household budget management. Funds for development are available but not accessible in the form required for strengthening of local civil initiatives.

Assumption 11:

Organisations of producers and entrepreneurs are a pre-requisite for rural economic development.

There is good scope for private enterprise development in the rural areas provided that farmers and private sector actor organise themselves in professional organisations. As organisations they can:

1. contribute for rural security and
2. tackle land tenure issues together with NGOs',
3. collaborate with Government for increased accountability to reduce corruption and
4. participate in bottom-up planning of rural development programmes.

To support such initiatives a strategy for rural economic development is required which at national level prioritises the economic growth sectors, at regional level promotes the development of Chambers of commerce, agriculture, industry and craft and at local level develops financial and business services and instruments for micro-credits and saving.

Assumption 12:

A closer collaboration between donors/development agencies and private sector is required to kick-off rural development

To support the implementation of a strategy for economic development of the rural sectors the private sector actors should collaborate to form a strong lobby for negotiation, planning and participation in rural development. This would form the basis for collaboration with Government and donor agencies, for defining new roles and responsibilities of the public and private sectors. Situation specific financial instruments are to be developed to support private investments in rural areas, to support producers in developing innovation in production and in risk management and for improvement of public infrastructures essential for rural development.

Discussion

Remark from the audience:

There is a danger in the shift of funds from the public towards the private sector. In the Philippines public subsidies have been reduced in recent years under such a policy with very hard consequences for the poor.

We should not romanticize about farmers and rural households. Donors must push governments to allow peasants access to land and other resources!

Question: You call for market-oriented strategies and good governance. Is it possible to get both, if you also advocate to channel less funds to public institutions?

Reaction: Yes, it is possible provided there is a clear definition and distribution of new responsibilities and roles between private and public sectors and operating systems, which assure the respect of such responsibilities and roles. And yes, provided there is saver and fairer access and control of resources by user groups at the basis of rural development.

4.2 Afternoon Sessions

4.2.1 Discussion group 1:

Institutions of the rural Poor

Institution and coalition building by the poor (Lead contribution to the group work)

Presentation by: Mr. Atiqur Rahman, IFAD

Summary of presentation:

The distribution of benefits between the rich and the poor, urban and rural societies, men and women depends to a large extent on institutions.

Institutions are, essentially, the rules of the game. Organisations, on the other hand, are structured entities that operationalise institutions. As example, in economics, a firm is an organisation and markets are institutions.

On this background, Dr. Rahman introduced three institutional approaches to empowering the rural poor in their quest for poverty reduction;

1. Decentralisation, leading to devolution of power in favour of local decision-making and local institutions.
2. Institution building for an effective delivery of financial services to the poor.
3. Coalition building among the poor.

Discussion by the group: Statements and observations:

On: Institution building by the people:

„If development institutions create conditions in which the poor can join for using their own skills and talents, they gain the poor as responsible partners for working their way out of poverty.“

There is limited scope for just reviving traditional institutions with external support. Yet, the example of „tube well societies in Gujarat“ introduced in the morning session by Tushaar Shah showed convincing local responses of institution building for joint investments and needs of rational water distribution.

On: Markets for developments

Policies for market development must be coherent from local to national to international levels

Attention to the risk of fair sharing of costs and benefits in the context of a wide range of different stakeholders competing for the same public goods, such as market information, market platforms, etc.

Compensation mechanisms need to be devised for environmental functions not yet validated and remunerated by the “markets”

On: Decentralisation as a response to poverty alleviation

„Local institutions tend to be more accountable to local people.“

Decentralisation offers no guarantee of success by itself: There is a risk that vested (local) interests just change the form and that a regulatory vacuum is introduced.

There is an ongoing role of the State and decentralisation should follow the principle of subsidiarity, based on comparative advantages.

Decentralisation means creation of choices and should be a demand driven process.

Decentralisation includes above all participation. If it is not done with the actors, it is done against them.

4.2.2 Discussion group 2: Rural poverty: the role of the private sector

Increased effectiveness in fighting poverty (Lead presentation 1)

Presentation by: Mr. François Binder, SDC

Summary:

Poverty is exclusion, difficult or denied access to material, social, economical, political and cultural resources. It is an issue of power and fighting poverty is therefore political.

To increase pro-poor effectiveness of our intervention we need to understand poverty and the poor, target our programmes to the poor, analyse if they are really reached and if programmes have a positive impact on their livelihoods.

Poverty reduction as a business (Lead presentation 2)

Presentation by: Mr. Urs Heierli, SDC

Summary:

The reduction of poverty is a business role for the private sector. It is based on market creation and viable supply chains. But in rural areas it is often difficult for the small private sector to reach a critical mass necessary to generate a profit, thus discouraging private investors. Creation of pro-poor markets for services and assets demand an initial investment that is later on difficult to recuperate due to in-

creasing competition in the market. Public-Private Partnerships could be a solution provided it is a win-win situation, based on complementarity and subsidiarity and cost-sharing principles.

Discussion by the group: Insights and lines of action

On: *The distribution of responsibilities and roles.*

The creation of sustainable employment and income that benefit the rural poor can, on the long term, only be provided by the private sector.

On: *Profit versus pro-poor impact.*

A pro-poor partnership between SDC and private economic actors does not necessarily build on sharing the same values and objectives

Participants' Insights

- Farmers – also the poor ones – are entrepreneurs.
- Investment and engagement in long-term partnership is important, including basic skills training (empowerment) and in stimulating and using synergies.
- Private sector engagement in development needs good dissemination channels including manufacturers, distributors, dealers, installers.
- Access to capital is crucial.
- Investment in rural marketing research is needed.
- Markets do not necessarily share development values, but they can be effective in pro-poor impact.

Ideas for lines of action addressed to IFAD, SDC, IC:

- Cooperate and work much more with private business
- Invest more in Research & Development and in pilot commercialisation
- Take more risks in cooperating and in investing in pro-poor business.

4.2.3 Discussion group 3: *Innovative approaches and poverty reduction*

The debt cycle of the rural poor (Lead presentation 1)

Presentation by: Mrs. Anne-Marie Holenstein

Summary:

In Madagascar taking loans, in money or in kind against usurious interest rates has become a necessity for survival for 50 to 80 % of the rural households. More and more middle class people are indebted. Reasons for this debt cycle are forced selling at low prices for agriculture products, difficult access to remunerative markets, social and cultural obligations, adversities and the low salaries compared to the high costs of living.

Consequences are loss of assets such as land, cattle, house and migration and increasing criminality.

What can be done is to encourage and support local saving groups and systems, to train rural households in budget management and to strengthen civil organisations for lobbying for better social services and more effective local governance.

Financial services for the rural poor (Lead presentation 2)

Presentation by: Mrs. Ruth Egger, Intercooperation

Summary:

Development implies having choices and financial markets can offer choices for services in savings, credit, insurance and money transfer. Contrary to wide spread believe, credit is often not the right service for the poor and risks to increase indebtedness because often the pre-conditions for a viable economic activity are not united or the poor have no access to them. In those circumstances safe savings are a much more effective way for the poor to escape indebtedness and poverty. Financial services can't create economic development or initiatives but it can support them. Linkages must be made and promoted with non-financial services, community development and policies for poverty reduction strategies.

Discussion by the group: insights, lines of action

- On:** *The fact that poor people are imprisoned in a dept-cycle constitutes the major constraint for development. Efforts by governments, funding and development agencies have not been able to change this significantly.*
- On:** *Income from agricultural production by the poor is very uncertain due to factors outside their control such as climate, pest, illness, dependence on middle man, collapse of the market.*
- On:** *Enterprises delivering assets and services in the rural areas have to assure viability and self-sufficiency that is difficult to maintain if focussed towards marginal areas, removed from mainstream development processes.*

Participants' insights (extract)

- The depth of the debt cycle
- Change in perspective: The measure of sustainability of collaboration with the poor is not their financial participation but their independence gained
- Saving mobilisation (in cash or kind) is more important for the poor than credit
- The importance of choices and competition in delivery of services and assets

Ideas for lines of action addressed to SDC, IFAD, IC

- Promote self-esteem awareness as part of collaboration
- Develop and propagate instruments to improve household budget management
- Study options for decent seasonal migration and diversification of income
- Promote informal saving and savings mobilisation schemes, locally managed and linked to micro-finance instruments
- Promote, within micro-finance systems, cross subsidies from different client segments (profit from one segment finances development of other segments)
- Promote training of young people for job professionalisation

5 Final remarks

5.1 Conclusions

Presentation by: Mr. Felix von Sury, Director, Intercooperation

Summary

There is not one truth

Poverty and Rural Development have been the two poles of all our discussions. There is a basic agreement that poverty is not acceptable and that something must be done about it. **But what needs to be done?** One thing, which struck me most today is that for most statements there was a counter statement:

Statement	Counter statement
- We need innovations	- No need for new recipes but courage to keep a line
- More funds have to go in rural development and cooperation	- Too much money at a time does not favour the poor
- In rural development farmers are the private sector	- The rural poor have to be protected from an exploitative private sector
- Poverty is a pressing problem	- Poverty reduction needs patience and perseverance
- Local systems are most effective in poverty reduction	- Traditions can also be anti-poor
- Sustainability is required	- Institutions do not need to be permanent, they come and go

These seeming contradictions are an indication that the reality is complex. They also show that the theory is one thing, the practice, the application – as it was stated many times today - another more difficult thing. As in many other domains there is not **“one truth”** about poverty. But what is important, there is **knowledge**, there are **best practices** on which we can build further.

Danger of polarisation: The “Finance Ministry Group” versus the “Civil Society Group”

Unfortunately the discussion about what needs to be done is nowadays often polarized between two camps. The “Finance Ministry Group” made mainly out of economists and representatives of IFI and the “Civil Society Group” made mainly out of non-economists and NGO representatives. The “Finance Ministry Group” has a macro- and longer-term perspective and a more theoretical approach while the “Civil Society Group” has more of a micro and short-term view and a perspective nurtured by practical, sometimes anecdotal, experiences. These polarized positions are so typical in debates about poverty, distribution and right policies.

One important characteristic of today's seminar was:

Presentations and discussions contained a fruitful dialectic debate but avoided an unproductive polarization.

IFAD, SDC and IC, represent a middle ground between the big IFI's and the typical NGOs. They clearly see the importance of changing national and global frame conditions and they respect the need of local action.

Today opportunities and ways have been shown, how to get things moving and how to empower people to leave the clutches of dependence and to defeat poverty.

Four essential elements of any pro-poor development work

IFAD's Rural Poverty report covers this middle ground very well by focusing on few essential prerequisites of a pro-poor strategy

- Improving the access of rural poor to assets, which includes human assets like education and health but also productive assets, mainly land and water. IFAD particularly stresses the bias against women in the access to these assets, a bias which needs to be broken.
- Improving the access of rural poor to new technologies.
- Improving the access of the rural poor to fair and functioning markets; this includes inputs, products but also finances and last but not least labour.
- Decentralisation of institutions in order to make them accessible to the poor and in order to directly link them to the institutions of the poor.

All presentations of today have given examples and reaffirmed these four essential elements of any pro-poor development work.

Rural development an outdated term with a promising future

This term rural development has lost much of its glamour during the nineties because it is usually associated to the integrated rural development projects of the 70's and 80's whose results were – to say the least - mixed. But rural development has got a new meaning today with the reemphasis of development cooperation on poverty reduction. Three quarters of the poor live in rural areas and the great majority among them draw their livelihood from agriculture. Most stakeholders agree that the neglect of agriculture in national policies, in loan and aid programmes has to be urgently reversed. **Agriculture** is meant in the larger sense including asset creation (roads, irrigation), emphasis on technology, land reform, and access to finance, markets and institutions. Only with such a mix the rural poor have a chance to get out of the vicious circles in which they are often caught.

Rural areas are disadvantaged due to spatial dispersion, seasonality, natural risks, political disempowerment and bad services. The concentration of poor people in rural areas despite an increasing urbanisation means that the **cities with all their financial and political power can help themselves** and that governments and aid agencies have to consciously provide a counterweight to the almost natural tendency of urban bias by focusing their attention to the rural areas.

We from the "Rural Family" have to make sure that in policies and budgets the rural areas, which includes villages, small towns and provincial centres, get due consideration.

What next?

You may ask certain of the questions raised today should continued to be discussed in fora of different levels. And we from Intercooperation are definitively interested and willing to contribute to such fora. It seems also essential that within SDC there is no compartmentalisation regarding poverty between the geographic divisions, thematic divisions, the NGO service and the multilateral department. This is too important a topic to be dealt with in a parochial way.

But in particular with poverty action is more important than discussion.

In this sense all of us have to do what we are called to do in our positions, be it at the policy or at the operational level in advocacy or research, be it in a multilateral or bilateral institution or a NGO, be it as professionals or as citizens. Let us do well and with a pro-poor focus what we are called to do. And doing well as Mahatma Gandhi put it, means, to have in whatever we do the poorest of the poor before our eye and ask ourselves what our action means to her, to him and to their children.

5.2 Evaluation of the day

The seminar aimed to:

- Contribute to discussion and exchange of experiences among Swiss organisations on collaboration with rural communities to reduce poverty.
- Provide participants with the opportunity to actively contribute to the identification of potentials and constraints at the levels of policy and implementation of poverty reduction interventions.
- Promote further mutual acquaintance between IFAD and Swiss development organisations of poverty reduction programmes and potential areas of collaboration.

Looking back on this day, we think that we achieved a good part of the objectives we set ourselves.

- The participants used the breaks and the group work in the afternoon for experience exchange.
- In their contributions the representatives of different institutions first communicated their view of potentials and constraints concerning the interventions to reduce poverty. Eventually the participants had the opportunity to formulate their own insights and ideas for possible lines of action
- IFAD and SDC used the occasion of this seminar to discuss areas of collaboration and the other participants became acquainted with the Rural Poverty Report of IFAD, which forms one of the basis for planning and executing interventions aiming to reduce poverty in rural areas.
- And with the final remarks of Mr. Felix von Sury we are all asked to act and not only to discuss!

6 Annexes

6.1 Annex I: Program

6.2 Annex II: Scripts of the morning session

6.3 Annex III: Scripts of the afternoon session

6.4 Annex IV: Conclusions

6.5 Annex V: List of assumptions