

**World Bank Support for the Least Developed and Net Food  
Importing Countries**

World Bank Submission to the WTO Committee on Agriculture

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## **World Bank Support for the Least Developed and Net Food Importing Countries**

There are 1.2 billion people in the world who live on less than US\$1 per day. Around 800 million go to bed hungry every night, one third of all preschool children are clinically malnourished, and 2 billion people are deficient in one or more micronutrients such as iron, vitamin A and zinc. The bottom line of these abject statistics is that more than 6 million children a year die of causes related to malnutrition.

Yet between 1960 and 1990, world cereal production more than doubled, per capita food production increased 37 percent, daily caloric intake increased 35 percent, and real food prices fell by almost 50 percent. Today world food prices are at historic lows; so how do these two sets of apparently paradoxical statistics exist side by side?

Food security is achieved when everyone has sufficient food to sustain a healthy and active life. At the national level this is the result of sufficient domestic production and/or food imports, at the household level sufficient production and/or income for food purchases, and at the individual level the outcome of intra-household food distribution. Except in time of war, natural disaster or politically imposed famine, today food security is a poverty problem. The rich do not go to bed hungry at night.

Poverty is largely a rural problem, although urban poverty is growing, and farmers represent a dominant share of the poor. Its solution, therefore, requires broad-based agricultural and economic development, to empower several hundreds of millions of low-income people with sufficient purchasing power to improve the quality of their diet and the quality of life in general.

Experience in recent decades has shown that a market driven, open economy development path has been the most effective at reducing poverty; much more effective than a protectionist, import substitution approach to economic development. In many developing countries agriculture is the engine of growth. It is a sector in which many of these countries have a comparative advantage and would be able to compete in a fair global trading system.

To prime the pump of economic development in agriculture we must start by sustainably increasing productivity, increasing the value per hectare of what is grown through improved crop yields and management practices. Too often developing countries have put neither enough resources or a sustained commitment into either agricultural or non-farm rural development to solve the problem of rural poverty.

The end result is that in many cases developing countries' agriculture sectors are still underperforming relative to their potential. While there has been progress on market liberalization in developing countries in the last decade or so, many are still artificially depressing the incentives to their farmers and agricultural sectors through policy distortions, – such as price ceilings, use of food aid, and under-investment in rural infrastructure - resulting in lower overall food production and depressing farmers'

incomes. The net effect of the entire constellation of public policies in these countries is to effectively tax the agricultural sector, reducing performance relative to the sector's potential.

Many net food import developing countries are rightly concerned regarding the volatility of international commodity prices, a situation pre-dating the Uruguay round of trade negotiations. Many analysts prior to the Uruguay round argued that the prevalence of non-tariff barriers, such as export and import quotas, that cut the link between domestic and international prices were the problem. The outcome of the Uruguay round did little to re-establish that link. Changes in agricultural policies in the US and EU have resulted in smaller stocks of grain in government hands, which previously buffered international commodity price volatility. Thus international commodity price volatility has actually increased post Uruguay round agreement. Annex 1 provides an overview of recent developments and prospects for commodities in world trade.

National food security concerns, in the light of such price volatility, can lead countries to pursue a policy of domestic food self sufficiency to abrogate the need to rely on global grain markets. This can be costly in terms of both economic waste and environmental. The World Bank proposed a crop price insurance scheme to assist low income food importing countries deal with the risk inherent in volatility of global grain prices, particularly longer term risk which cannot be handled by present futures markets.

While today we have more than enough food in the global marketplace, we cannot afford to be complacent with almost half as many people again forecast to be added to the world's population by 2050. The challenge is to increase crop production without damaging the environment. However, given the unequal distribution of arable land, population, and increases in purchasing power that would be generated through successful poverty reduction, a larger fraction of the world's agricultural production will need to move through international markets. To that end the global market place must represent a fair playing field for developing countries.

Although each developing country needs to invest in its own agricultural development, removing policy biases against domestic agricultural production, partners in the development process need to assist countries them in securing liberalized domestic markets. More importantly, there is a need to ensure that the policies advocated for developing countries are reciprocated in the developed countries to ensure a fair global trading system. It is unreasonable to expect market liberalization in the developing world while the United States of America and the European Union maintain highly protectionist policies for their own agricultural sectors.

## **World Bank Activities**

The World Bank has an active program of assistance to help the least developed and net food importing countries in a number of ways that are relevant to the deliberations of the Committee. The first is through improvements in agricultural

production technology. A second is through its lending in support of agricultural supply response and policy reform in developing countries. A third is through analytical support for developing country participation in WTO negotiations on agriculture.

### **Agricultural production technology and supply response**

The World Bank is a key supporter of the Consultative Group on International Agricultural Research (CGIAR), which works through a network of 16 international agricultural research centers to mobilize the best agricultural science on behalf of the world's poor and hungry. Fifty-eight developing and developed countries, private foundations, and regional and international organizations, including the Bank, collectively support the CGIAR. In 1998 CGIAR contributions totaled \$340 million, up from the previous year's \$320 million. The CGIAR leverages the Bank's support--\$50.1 million in 1998--almost eightfold. The CGIAR's research is critical to the Bank's commitment to environmentally and socially sustainable development and its renewed focus on rural development. Some 300 CGIAR research projects are increasing agricultural productivity, strengthening national agricultural research systems, protecting the environment, improving policies, and preserving biodiversity. The third independent System Review, completed in 1998, concluded that investment in the CGIAR has been the most effective use of official development assistance.

The World Bank also assists least developed and net food importing countries to improve their agricultural technology through its projects and technical assistance work. This work is typically a component of a broader project designed to help the country improve its agricultural supply response.

The emphasis placed on rural sector lending has increased in recent years, in large part because of recognition that approximately 75 percent of poor people in developing countries live in rural areas. Therefore, the Bank's objective of poverty reduction cannot be met unless widely shared growth, food security, and sustainable natural resources management are achieved in these areas. The Bank's rural sector work is undertaken within a broad framework to ensure consistency with overall development goals, but includes projects in a wide range of areas, ranging from sustainable land and crop management, livestock, agricultural research and extension, irrigation, river basin management, natural resources management, and rural finance to cross-cutting areas of food security, gender in development, and community-based rural development. In addition, some projects provide important infrastructure support, such as upgrading of rural roads.

### **Analytical Support for the WTO Negotiations**

Because of their capacity constraints, the least developed and net food importing countries have a particularly acute need for support to help them determine the effects of agricultural policies and negotiating options and proposals. A major project to support developing countries in these negotiations was launched under the title "Agriculture and the WTO 2000 Negotiations: Economic Analyses of Issues and Options for Developing

Countries”. A number of conferences and workshops have been held under auspices of the project (see Annex). The World Bank also presented a paper synthesizing many of the results of recent research to the UNCTAD X meeting in Bangkok.

Strengthening the capacity of developing countries to participate in and benefit from more open markets is critical for poverty reduction. A global trading system that enhances market access, creates opportunities for poor countries to boost exports, and adopt sound rural sector policies and institutions can provide significant gains for the poor, particularly the rural poor. Food security in poor countries requires access on an assured basis to world market supplies, as well as agricultural raw materials for encouraging light manufacturing in rural areas. Hence, developing countries have a great stake in building an efficient global food system and maintaining global market stability. However, they often lack the capacity to participate effectively and negotiate with partner countries in the developed world. The project, financed in part by generous grants from the UK Department for International Development (DFID) and the Government of the Netherlands, supports efforts by developing countries to evaluate their policy options, to identify their interests, and to formulate negotiating objectives and strategies. The program also aims to identify approaches for Bank lending and non-lending assistance to achieve an enabling policy and institutional framework to strengthen the capacity of our clients to benefit from more open markets. Knowledge dissemination is pursued through workshops and training activities that target policy makers in developing countries. A handbook on agricultural trade issues is being prepared for policy makers and negotiators that provides information in an accessible and operationally-relevant form on the key issues on the agricultural negotiating agenda. Country specific technical assistance is also available.

Annex 2 to this note describes recent activities under the capacity-building project, as well as World Bank lending activities in agriculture during 1999-2000.

### **Ongoing and Planned Activities on Capacity-Building and Research**

Regional and Country case analyses on Agriculture and the WTO Negotiations: The key issues, interests and options significantly vary by country and sectors within countries. The second part of the analytical work in 2000-2001 involves a set of country case analyses for selected focus countries. Much of the sector analyses and analytical work will be carried out by developing country scholars, policy analysts, and international experts. A select group of international experts will provide analytical and advisory assistance (AAA) and policy advise to agricultural trade policy makers in selected countries. Background studies have been commissioned for specific countries and regions including the following:

- Sri Lanka, Pakistan
- India, Bangladesh
- Southern Africa Development Community
- UEMOA
- Uganda
- Tanzania
- Ghana

- Nigeria
- Cameroon

**Technical Diagnoses of Impact of Selected WTO Proposals on Least-Developed and Net-Food Importing Countries.** Technical analyses of proposals will be prepared to analyze the impact of on developing countries, analyze their interests and options, and evaluate approaches and modalities for the negotiations in trade policy and agricultural policy reform. Most of the work will be carried out by experts in developing countries in cooperation with international experts as advisers.

**Handbook on Trade and Agricultural Negotiations; Volume on Database of Trade and Agricultural Policy Indicators:** The third component of the project is the preparation of a Handbook and Policy Indicators for trade negotiators, agricultural policy analysts and agricultural policy practitioners. Experienced negotiators and international experts will prepare short summaries of all the key issues, providing negotiators with a useful reference. The handbook will also include brief guidelines for preparing negotiating objectives and evaluating interests and options. Examples based on the country case studies will be summarized. A second volume will include a quantitative measures of policy indicators (e.g. Market access) for selected focus countries. The database will be used to monitor changes in trade policies, and to evaluate market access conditions in trade in food and agriculture products during the implementation. These policy indicators would also be useful for the Bank's monitoring of Rural Sector Policies in developing countries. The Handbook can be used as reference by trade policy and agricultural trade analysts, policy makers, practitioners, and agri-business.

**Regional Outreach and Knowledge Dissemination during the negotiations.** This will involve a series of dissemination meetings and regional workshops in 2000-2001 targeting policy advisors, trade negotiators, agricultural and trade policy makers, and senior policy makers from Chambers of Commerce, Ministries of Agriculture and Trade, complemented by outreach activities for the press, private sector and relevant NGOs. These events will be implemented in cooperation with regional partners, FAO, the UNDP, WTO, DSE, Regional Hub for Southern Africa, AERC, WBI. A discussion forum in the project web-site will aim facilitate exchange of views during the negotiations. This component will involve regional workshops and organizing country consultations meetings in selected countries in both regions to discuss and publicize results.

#### ***Regional workshops***

- East and Central Africa: October 2-6, Dakar, Senegal, in cooperation with BMZ,DSE,CTA,CMA-OC. (completed)
- South Asia., Katmandu Nepal, in cooperation with UNDP and SAARC,
- Latin America and Caribbean, proposed dates by SELA on Feb 8-10, 2001, Venezuela
- Southern Africa (SADC countries): tentative dates: January/Feb 2001; follow-up meetings in 2001 for the Bank's Regional Hub in Southern Africa, Harare.

- Middle East and North Africa: proposed dates by ESCWA April/May 2000, Jordan, in cooperation with ESCWA and WBI

On-Line Interactive Discussion Forum, December 2000- March 2001

**Global Conference, Summer/Fall 2001**

**Country specific technical assistance.** Finally, the project will continue supporting capacity-building in selected least-developed and low-income net-food importing countries, with emphasis on Africa, in collaboration with local institutions, regional agencies, and Bank country programs. Information and expertise relevant to the implementation of international agreements, developing complementary policies and institutional framework to enhance competitiveness remains weak in these regions. A much more concerted capacity-building effort in policy and institutional development to facilitate ability of countries to successfully benefit from the global reform process is needed. Pilot countries will be selected in partnership with or in the context of preparation of Bank assistance programs.

## ANNEX 1

# Global Commodity Price Prospects<sup>1</sup>

Global commodity prices have followed many different paths since the lows after the Asian crisis, with crude oil prices rising sharply, agricultural prices remaining low, and metals and minerals prices staging a modest recovery. The recovery of non-oil commodity prices lagged behind that of oil prices because supplies of non-oil commodities were slow to adjust to low prices while oil production was significantly reduced by OPEC producers. Producers of non-oil commodities have been left with large inventories that still need to be absorbed before prices can rise significantly. Metals and minerals prices have begun to recover, rising 27 percent since their lows. However, agricultural prices remain near their cyclical lows (after a brief rally that was not sustained), because of continued production increases and large stocks. Rapid global economic growth, which contributed to the sharp increase in crude oil prices in 1999 and 2000, is expected to fuel a recovery in non-oil commodity prices during the next several years.

The near-term outlook is for the divergence in commodity prices to be reduced with declines in energy prices, further increases in metals and minerals prices, and a recovery in agricultural prices (see Tables A1 and A3 for nominal price forecasts for individual commodities and indexes). In nominal terms, crude oil prices are expected to decline 11 percent in 2001, relative to 2000, and an additional 16 percent in 2002 as OPEC and non-OPEC supplies increase in response to the surge in prices in 1999 and 2000. Metals and minerals prices are projected to rise 2.1 and 2.3 percent, respectively, in 2001 and 2002 after rising 13.7 percent in 2000. Agricultural prices continued to fall in 2000, with a decline of 4.7 percent, but are expected to increase 4.2 percent in 2001 and an additional 6.3 percent in 2002 as global stocks begin to fall and demand increases in response to current low prices and rapid economic growth.

Over the balance of the decade, real commodity prices<sup>2</sup> are expected to reverse recent moves as energy and metals prices fall and agricultural prices rise (see Tables A2 and A3 for real price forecasts for individual commodities and indexes). Real energy prices are projected to fall sharply from current levels, with real petroleum prices down 47 percent by 2010 compared to 2000 levels as OPEC and non-OPEC supplies increase. Agricultural prices are low by historical comparison, and real prices are expected to rise modestly over the balance of the decade. By 2010, real agricultural prices are projected to rise 8 percent relative to 2000. Metals and minerals prices have already made a significant recovery from the lows of 1999, and by 2010 they are projected to fall 8.4 percent from the 2000 levels. This would still leave metals and minerals prices above the 1999 levels. The long-term decline in real commodity prices, which has been observed for many decades, is expected to continue. However, these trends will largely be

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<sup>1</sup> Prepared by the World Bank's Commodities Team of the Development Prospects Group as Annex 2 to *Global Economic Prospects 2001*. Questions can be addressed to Donald Mitchell at 202-473-3854.

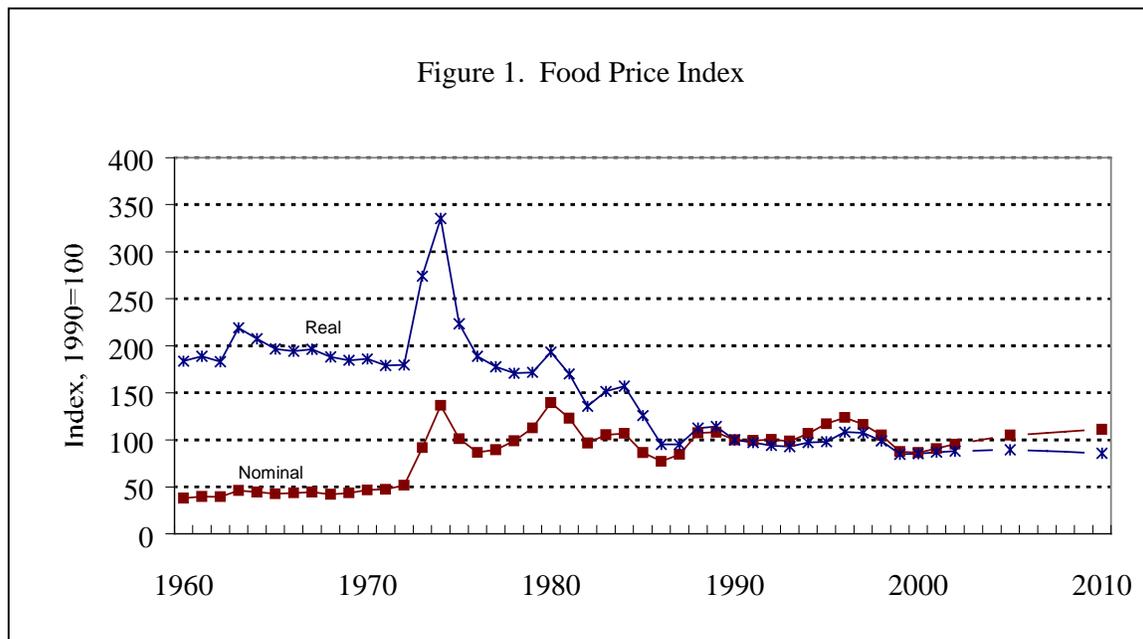
<sup>2</sup> Real prices are obtained by deflating nominal prices by the unit value index in U.S. dollar terms of manufactures (MUV) exported from the G-5 countries (France, Germany, Japan, the United Kingdom, and the United States) weighted proportionally to the countries' exports to the developing countries.

dominated during the decade by the reaction of prices to recent extremes, which have seen energy prices rise and agricultural prices fall.

## Agriculture

### Food

The World Bank's index of nominal food prices has declined by one-third since the recent high in 1997. In real terms, food prices are down by more than half since 1980 (see Figure 1). The decline in real food prices reflects the combined impact of countries' agricultural policies, improved technology, and changes in demand, which, on balance, have caused food supplies to increase faster than food demand and prices to decline relative to manufactures prices (MUV). Despite the price declines, the FAO's index of world food production increased by 20 percent from 1990 to 1999, and per capita production increased by about 5.5 percent. Our forecast is for real food prices to stabilize over the decade following recent declines.



Grain prices are severely depressed, with nominal prices near the lows of the past decade and real prices at all-time lows.<sup>3</sup> Several factors account for current low prices. Consumption growth has slowed over the last few decades, from 2.7 percent per year

<sup>3</sup> Grains account for 55 percent of the world's food supplies (calories) and occupy nearly one-half of the world's cultivated cropland (FAO). Grains prices are important as an indicator of overall food prices because of the close substitutability of grains with other food crops in production and consumption. Sugar and vegetable oils account for about 10 percent each of the world's total calorie supplies while animal products and fish account for about 16 percent. The remaining roughly 10 percent of world food supplies come from fruits, nuts, pulses, roots, tubers, and vegetables.

during the 1970s to 1.7 percent growth during the 1980s and 0.8 percent growth during the 1990s<sup>4</sup>, and this has led to nearly stagnant world trade since the late 1970s. While consumption and trade have seen slow growth, world grain yields have been increasing at 1.4 percent per year over the last decade, and an even more rapid 1.7 percent when the countries of the former Soviet Union (FSU) and Eastern Europe are excluded. The yield increases have been rapid enough to meet global demand at declining real prices and still allow total world cropland devoted to grains to fall by 8 percent since the peak in 1981. Among major grain-exporting countries<sup>5</sup>, cropland planted to grain has declined 21 percent since the peak. Much of this idled cropland will not likely return to grain production, but it represents substantial capacity that could return if prices rise enough to justify its use. Grain prices are not expected to rise in real terms for any sustained period because of continued yield increases, the surplus production capacity in major exporting countries, and continued moderate demand growth. However, prices are projected to increase over the next several years, as prices recover from current severely depressed levels. This will likely be followed by further price declines beginning about mid-decade as production increases exceed demand growth.

Vegetable oil prices remain depressed following the declines in 1999. Prices of major vegetable oils, such as soy and palm, have declined by nearly one-half since their 1998 highs, while prices of other oils, such as coconut and groundnut, have fallen by about one-quarter since their 1999 highs. Unlike most other agricultural commodities, vegetable oil prices increased during the Asian crisis, as Indonesia (a major exporter) imposed export taxes on palm oil in an effort to stabilize domestic prices. These taxes were gradually removed starting in 1999, as the crisis eased, and this caused exports to increase and all vegetable oil prices to fall. Global supplies of vegetable oils are expected to increase 5.0 percent in 2000, compared to the long-term average of 3.5 percent, and this could keep prices depressed for at least another year. Palm oil production has grown by 7.5 percent per year over the past decade, compared to 5.5 percent for soy oil, and this growth is expected to continue as more Southeast Asian and Latin American producers expand palm oil production. Palm oil could displace soy oil as the dominant oil produced within five years, and this would contribute to long-term weakness in the entire vegetable oils complex as palm oil use displaces soy and other oils. Palm oil is already the largest traded oil, with a 40 percent market share while soy oil is second with a 20 percent share. The index of nominal vegetable oil prices fell 8.6 percent in calendar year 2000, and is projected to rise 6.0 percent in 2001. By 2005, nominal prices are projected to increase 21.7 percent from 2000 levels. Real prices are projected to rise less than 2 percent between 2000 and 2010.

Other food prices have been mixed, with beef and shrimp prices strong because of the rapid global economic growth, while banana and citrus prices have remained weak because of large supplies. Sugar prices have recovered from 1999 lows despite large stocks resulting from five consecutive seasons when global production has exceeded

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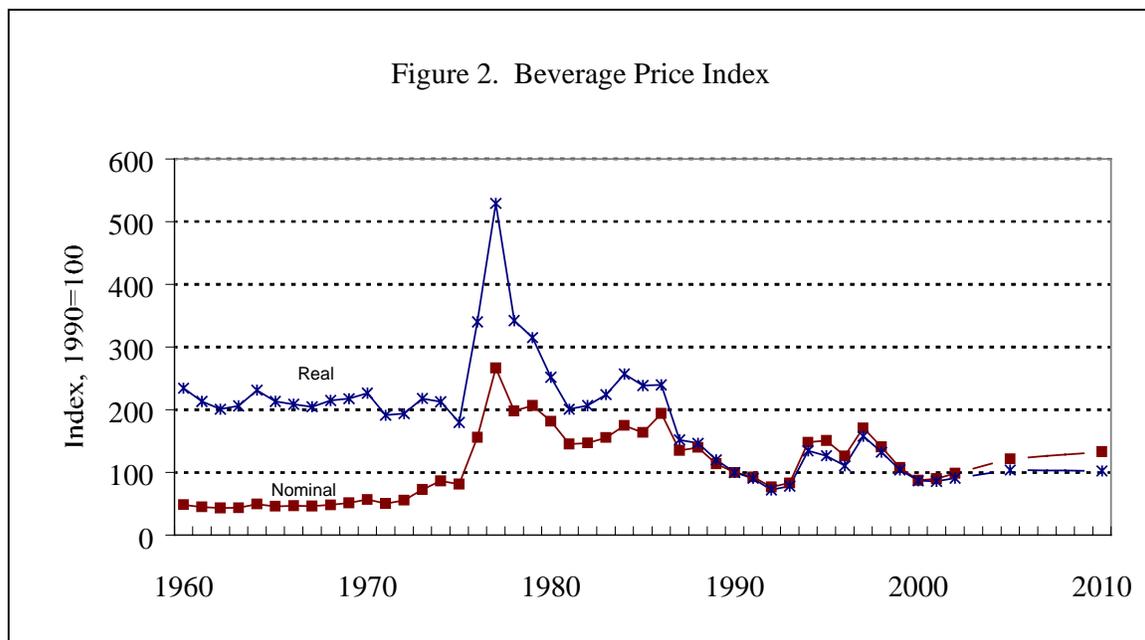
<sup>4</sup> However, the growth during the 1990s was reduced by a 40 percent decline in grain consumption in the FSU countries and smaller declines in Eastern Europe. When these countries are excluded, world grain consumption grew by 2.0 percent per year during the 1990s. Growth rates in China and India, with 46 percent of developing country populations, has been 1.9 and 1.5 percent, respectively, during the 1990s.

<sup>5</sup> The five largest grain exporters are Argentina, Australia, Canada, EU and United States. Together, these countries account for about 85 percent of world exports.

consumption. Raw sugar prices averaged 17.6 cents per kilogram in the world market in 2000 compared to an average of 24.3 cents per kilogram during the decade ending in 1998. World production and stocks are expected to fall in 2001, and prices should continue to recover. However, the price recovery is expected to take several years with prices rising to about 20 cents per kilogram by 2005. Real prices are projected to remain about unchanged from 2000 by 2010.

### Beverages

After falling sharply in 1998 and 1999, the index of nominal beverage prices is expected to increase modestly in 2001 and more rapidly in 2002 (Figure 2). The decline in prices began as the Asian crisis weakened demand and followed several years of high prices in the mid-1990s, which had stimulated global production. The sharp drop in prices has not yet been reversed despite falling beverage stocks and rising imports. Currency devaluations in the major exporters: Brazil (for coffee), Côte d'Ivoire (for cocoa), and Kenya (for tea) contributed to lower U.S. dollar export prices.<sup>6</sup> Weak currencies in major importers, such as the European Union and the Russian Federation, also weakened import demand. Beverage prices have historically been among the most volatile commodity prices, and a supply disruption in a major producer could quickly reverse the recent price declines. However, barring such an event, prices are expected to be slow to recover because of new capacity added by major exporters. The index of nominal beverage prices is expected to rise 2.9 percent in 2001, and 9.7 percent in 2002. Real prices are expected to increase about 20 percent from 2000 to 2005 and then decline as productivity increases allow supplies to meet demand with falling real prices.



<sup>6</sup> For example, the Brazilian Real depreciated 68 percent from 1997 to 1999, the CFA Franc depreciated 9 percent and the Kenyan Shilling depreciated 16 percent. (IFS, August 2000)

Cocoa prices reached a three-decade low in February 2000, as production increased 6 percent in the 1999 season compared to a decade-long growth rate of 1.4 percent. Cocoa consumption rose in response to lower prices and increased global economic growth, but not enough to keep stocks from rising 12 percent. Prices are expected to begin to recover in 2001 as demand increases in major markets accompanying projected strong economic growth. By 2002, nominal cocoa prices are projected to rise 22 percent from 2000 levels. The longer term outlook is for real prices to rebound from current severely depressed lows. By 2005, real prices are projected to rise 43 percent from the lows of 2000 and then remain about unchanged at that level, but this would still leave real prices at one-third of the 1980 level. One of the factors that should keep prices from returning to previous highs is the 20 percent increase in world cocoa planted areas during the 1990s as low-cost producers such as Côte d'Ivoire, Ghana, and Indonesia expanded production capacity.

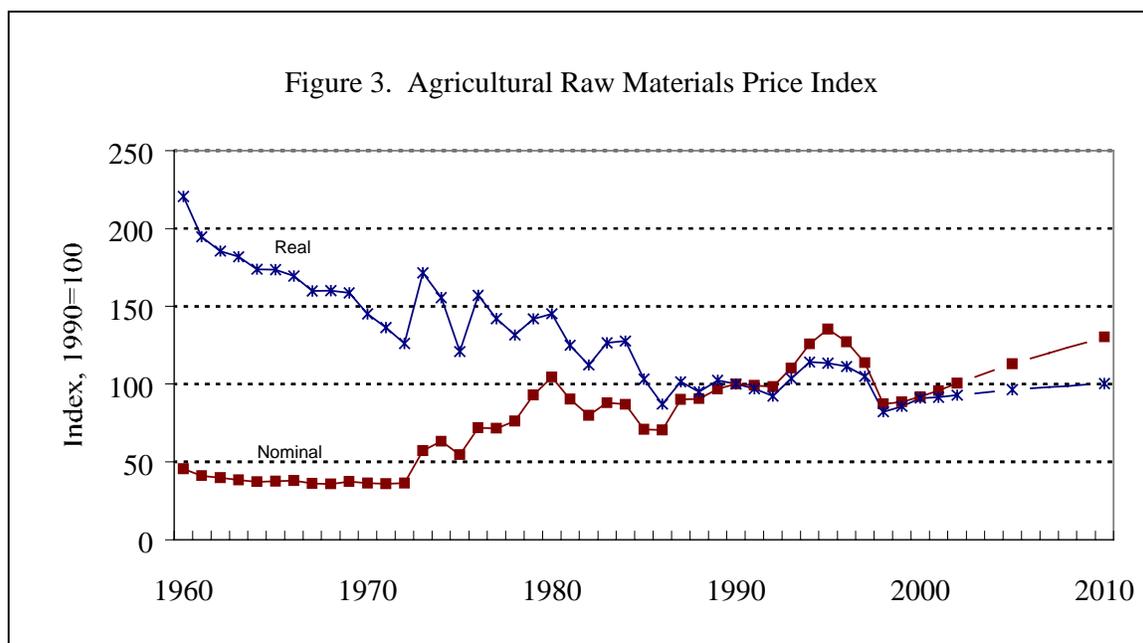
Coffee prices declined sharply during 1999 and 2000, with arabica prices down 37 percent and robusta prices down 48 percent. Overproduction, the Brazilian currency devaluation in January 1999, and weak demand in Europe and the United States all contributed to the price declines. Vietnam emerged as the largest robusta producer and exporter, and became the second-largest overall coffee exporter, following Brazil. This contributed to the greater decline in robusta prices compared to arabica prices but also contributed to overall weakness in all coffee prices. In response to low prices, Brazil and Colombia, the two largest arabica producers and dominant members of the Association of Coffee Producing Countries (ACPC), agreed to an export retention scheme to withhold 4.5 million bags of production from export during 2000 and 2001. This could support arabica prices and would be more effective if other ACPC countries joined the scheme. However, this will not change the longer-term issues of weak demand growth, excess production capacity, and large stocks, which has been with the industry for many years. Barring a weather-related supply disruption, prices are expected to be slow to recover, with arabica prices increasing only 11.7 percent by 2002 and robusta prices increasing 16.2 percent. Real prices are projected to rise over the next 10 years (from current extremely depressed levels), with arabica prices up 10 percent by 2010 compared to 2000, and robusta prices up 54 percent.

Tea prices have remained the strongest of the three major beverages, with a 10 percent decline in 1999 compared to 1998 and a 2.8 percent increase in 2000. The strength was largely due to poor weather-related growing conditions in India and Kenya, which reduced exports, and the recovery of demand in countries that benefited from increased crude oil prices. Many of the major oil exporters of the Middle East as well as the Russian Federation are also major tea buyers. The return of Iraq as a tea importer, following the lifting of U.N. sanctions on food imports, contributed to the overall price strength. However, supplies are now increasing in major exporters, and nominal prices are not projected to increase significantly over the next several years. Tea yields in Sri Lanka, a major exporter, increased 48 percent from 1990–92 to 1996–98 in response to tea estate privatization in the early 1990s, which led to increased investment and improved management of the tea estates. Nominal prices are expected to rise about 11 percent by 2010 relative to 2000, while real tea prices are expected to fall about 14 percent. There is some prospect that rapid consumption growth in major producing

countries, such as India and China, could offset weak demand in industrial countries and provide a firmer price outlook.

### Agricultural Raw Materials

The index of nominal agricultural raw materials prices rose by 35 percent during the first half of the 1990s as the global economy boomed and then fell sharply by 35 percent in response to the Asian crisis. Prices are now set to recover from the lows of 1998 and have increased about 5 percent during 1999 and 2000 (Figure 3). We project a further increase of 4.2 percent in 2001 and 5 percent in 2002. By 2010, real prices are projected to increase 22 percent relative to the 1998 lows, which would still leave the index well below the cyclical highs of the mid-1990s. However, raw materials prices are responsive to global economic conditions and would likely rise further if the global recovery exceeds current forecasts.



Cotton prices have remained around 150 cents per kilogram (nominal) for the past two decades, and there is no reason to think this will change soon. Prices rose 66 percent from 1993 to 1995, from 128 to 213 cents per kilogram, and then fell back to 117 cents per kilogram in 1999. Global consumption rose sharply during the 1980s as clothing fashions favored cotton. However those trends have changed and global consumption stagnated during the 1990s. Global production has been very erratic in response to wide swings in prices and policy changes in major producers such as China and the United States. Consequently, cotton prices have been volatile, but without a clear trend, since about 1980. Prices have begun to recover from the recent lows, with nominal prices up about 9.2 percent in 2000 and projected to rise about 6.9 percent in 2001. By 2005, nominal prices are projected to rise to 159 cents per kilogram, and by 2010, prices are

expected to reach 181 cents per kilogram. In real terms, prices are forecast to rise 22.8 percent relative to the 1999 lows by 2010.

Rubber prices were severely depressed in 1999 because Indonesia, Malaysia, and Thailand (which account for 70 percent of rubber exports) devalued their currencies as a result of the Asian crisis. The price of rubber in U.S. dollars tumbled to a 24-year low in 1999—down 60 percent from the 1995 high. Prices have stopped falling, but the recovery has been modest as record production, weak demand, and high stocks have kept prices near the low reached in 1999. The International Natural Rubber Organization, which was the last U.N.-backed commodity price stabilization body, was formally dissolved in October 1999 after the withdrawal of key members in the wake of the rubber price collapse and currency devaluations. Buffer stocks held by the organization (amounting to 2.5 percent of annual trade) are yet to be liquidated, but they will eventually find their way into the market. Prices are expected to recover slowly and are unlikely to reach the highs seen in the mid-1990s. Our near-term forecast is for nominal prices to rise about 6 percent per year in both 2001 and 2002, following the 12 percent increase in 2000. Real prices are projected to rise 9.4 percent from 2000 by 2010.

Asian tropical timber has been one of the few commodities that has seen rising real prices over the past two decades. However, prices fell following the Asian crisis as demand weakened dramatically. Prices of Malaysian logs have since risen 24 percent from the 1998 lows, and the recovery in Asian economies will likely support further price increases. Malaysian log prices are expected to increase 17.5 percent, in real terms, from 2000 to 2010. African tropical timber is mostly imported into Europe, and prices did not decline as sharply as Asian timber following the Asian crisis. The improving growth prospects in Europe suggest prices of African timber could rise over the next several years as tropical timber becomes scarcer, environmental regulations becomes tighter, and demand continues to increase. However, real price increases will also be moderated by improved production techniques that allow better use of timber. Real prices of Cameroon log are projected to increase 8.9 percent from 2000 to 2010.

## **Fertilizer**

Fertilizer prices, like the prices of many other commodities, have followed very divergent paths over the past several years. Nitrogen fertilizer prices declined from more than \$200 a ton to near \$60 a ton (for bulk urea), while phosphate fertilizer prices declined only 20 percent (for triple super phosphate (TSP)), and potash fertilizer (MOP) prices continued to rise. The differences in price behavior was due to the different impact that the economic collapse of the former Soviet Union (FSU) had on fertilizer markets, the different industry market structures, and different export firm behavior. The FSU was both a major producer and a major consumer of fertilizer prior to 1990. When these countries faced severe economic crisis in the 1990s, domestic fertilizer consumption declined along with grain demand, and firms directed their fertilizer production to the export market. This led to aggressive price-cutting and competition for market share in the nitrogen fertilizer market, especially by the Russian Federation and Ukraine. The competition was less intense in the phosphate and potash markets because the FSU countries had smaller market shares and because other major phosphate and potash

producers responded to increased exports from the FSU by cutting production rather than by lowering prices and competing for market share. Other factors also contributed to the different price behavior, including the decision by China (the major nitrogen fertilizer importer) to ban nitrogen imports in 1997.

Nitrogen fertilizer prices have increased nearly 45 percent in 2000 compared to 1999 as major producers in Europe and the U.S. cut production. However, the price recovery is expected to slow as the industry faces large excess capacity and continued aggressive export competition. Weak grain prices contribute to weak demand and further delay a significant price recovery, since more than 50 percent of nitrogen fertilizer is used for grain production. Real urea prices are projected to rise 54 percent by 2010 compared to 1999 lows, but still remain 30 percent below the highs of 1996.

Phosphate prices fell less, and will likely reach new highs sooner, than nitrogen fertilizer prices. The industry is faced with surplus capacity, but demand has been strong, as many developing countries have increased imports of phosphate in order to improve the balance of fertilizer applications. After falling 19 percent from 1998 to 2000, TSP prices are projected to increase 7 percent in 2001. Nominal prices are expected to increase an additional 7 percent by 2005 as improvements in world grain prices boost fertilizer demand. By 2010, real prices are expected to decrease as new capacity comes onstream, causing real prices to fall 5 percent from 2000 levels.

Potash prices have increased about 5 percent since 1998, while most other commodity prices fell. This was possible because of strong import demand from developing countries and the willingness of major producers to close production capacity rather than see prices fall. These industry trends are expected to continue and should lead to gradually increasing muriate of potash (MOP) prices. At some point, enough new capacity may be developed to threaten this price stability, but this probably will not occur for several more years. Nominal MOP prices are projected to increase about 1 percent per year until 2005 and then remain about unchanged for the balance of the decade. In real terms, prices will decline, as nominal price increases will not be large enough to offset overall inflation. By 2010, real MOP prices are projected to fall about 19 percent from the 2000 level.

Table A1: Commodity Prices and Price Projections in Current Dollars

Commodity	Unit	Actual					Projections				
		1970	1980	1990	1998	1999	2000	2001	2002	2005	2010
<b>Energy</b>											
Coal, US	\$/mt	n.a.	43.10	41.6/	34.38	33.1/	33.00	33.00	33.50	35.00	3/ 50
Crude oil, avg, spot	\$/bbl	1.21	36.8/	22.88	13.0/	18.0/	28.00	25.00	21.00	18.00	19.00
Natural gas, Europe	\$/mmbtu	n.a.	3.40	2.55	2.42	2.13	3.80	3.75	3.20	2.75	2.75
Natural gas, US	\$/mmbtu	0.1/	1.55	1.70	2.09	2.2/	4.00	4.00	3.50	2.75	3.00
<b>Non-Energy Commodities</b>											
<b>Agriculture</b>											
<b>Beverages</b>											
Cocoa	c/kg	67.5	260.4	126.7	167.6	113.5	90.0	95.0	110.0	150.0	170.0
Coffee, other milds	c/kg	114.7	346.6	197.2	298.1	229.1	187.4	191.8	209.4	253.5	265.0
Coffee, robusta	c/kg	91.4	324.3	118.2	182.3	148.9	94.8	97.0	110.2	149.9	187.4
Tea, auctions (3) average	c/kg	83.5	165.9	205.8	204.6	183.9	189.0	192.0	192.0	195.0	210.0
<b>Food</b>											
<b>Fats and oils</b>											
Coconut oil	\$/mt	397.2	673.8	336.5	657.9	737.1	444.0	500.0	540.0	620.0	650.0
Copra	\$/mt	224.8	452.7	230.7	411.1	461.5	310.0	425.0	435.0	460.0	483.0
Groundnut oil	\$/mt	378.6	858.8	963.7	909.4	787.7	700.0	740.0	775.0	820.0	850.0
Palm oil	\$/mt	260.1	583.7	289.8	671.1	436.0	322.0	340.0	360.0	400.0	450.0
Soybean meal	\$/mt	102.6	262.4	200.2	170.3	152.2	185.0	195.0	200.0	215.0	226.0
Soybean oil	\$/mt	286.3	597.6	447.3	625.9	427.3	340.0	360.0	380.0	430.0	460.0
Soybeans	\$/mt	116.9	296.2	246.8	243.3	201.67	210.0	220.0	230.0	250.0	270.0
<b>Grains</b>											
Maize	\$/mt	58.4	125.3	109.3	102.0	90.2	86.0	95.0	110.0	125.0	130.0
Rice, Thai, 5%	\$/mt	126.3	410.7	270.9	304.2	248.4	202.0	215.0	235.0	275.0	300.0
Sorghum	\$/mt	51.8	128.9	103.9	98.0	84.4	85.0	88.0	100.0	120.0	125.0
Wheat, US, HRW	\$/mt	54.9	172.7	135.5	126.1	112.0	112.0	120.0	130.0	160.0	170.0
<b>Other food</b>											
Bananas, US, new series	\$/mt	166.1	377.3	540.9	489.5	373.8	430.5	465.2	490.5	529.1	567.7
Beef, US	c/kg	130.4	276.0	256.3	172.6	184.3	194.0	198.4	202.8	209.4	225.0
Oranges	\$/mt	168.0	400.2	531.1	442.4	438.2	365.0	400.0	500.0	565.0	600.0
Shrimp, Mexican	c/kg	n.a.	1,152	1,069	1,579	1,461	1,503	1,515	1,530	1,550	1,590
Sugar, world	c/kg	8.2	63.16	27.67	19.67	13.81	17.60	18.10	18.10	20.00	24.00
<b>Agricultural raw materials</b>											
<b>Timber</b>											
Logs, Cameroon	\$/cum	43.0	251.7	343.5	286.4	269.3	275.0	285.0	300.0	330.0	385.0
Logs, Malaysia	\$/cum	43.1	195.5	177.2	162.4	187.1	192.0	198.0	210.0	245.0	290.0
Sawnwood, Malaysia	\$/cum	175.0	396.0	533.0	484.2	600.8	600.0	620.0	655.0	750.0	900.0
<b>Other raw materials</b>											
Cotton	c/kg	67.6	206.2	181.9	144.5	117.1	127.9	136.7	141.1	158.7	180.8
Rubber, RSS1, Malaysia	c/kg	40.7	142.5	86.5	72.2	62.9	70.6	75.0	79.4	88.2	99.2
Tobacco	\$/mt	1,076	2,276	3,392	3,336	3,041	2,985	3,000	3,100	3,250	3,300
<b>Fertilizers</b>											
DAP	\$/mt	54.0	222.2	171.4	203.4	177.8	155.0	165.0	175.0	195.0	205.0
Phosphate rock	\$/mt	11.00	46.71	40.50	43.00	44.00	44.00	44.00	44.00	44.00	46.00
Potassium chloride	\$/mt	32.0	115.7	98.1	116.9	121.6	122.5	124.0	124.0	125.0	127.0
TSP	\$/mt	43.0	180.3	131.8	173.1	154.5	140.0	150.0	155.0	160.0	170.0
Urea, E. Europe, bagged	\$/mt	48.0	222.1	130.7	103.1	77.8	112.0	120.0	130.0	140.0	150.0
<b>Metals and minerals</b>											
Aluminum	\$/mt	556	1,456	1,639	1,357	1,361	1,575	1,600	1,650	1,800	1,900
Copper	\$/mt	1,416	2,182	2,661	1,654	1,573	1,825	1,975	2,050	2,200	2,400
Gold	\$/toz	36.0	607.9	383.5	294.2	278.8	280.0	280.0	275.0	275.0	300.0
Iron ore, Carajas	c/dmtu	9.84	28.09	32.50	31.00	27.59	29.00	29.50	30.25	32.00	33.00
Lead	c/kg	30.3	90.6	81.1	52.9	50.3	46.0	50.0	55.0	60.0	64.0
Nickel	\$/mt	2,846	6,519	8,864	4,630	6,011	8,600	7,500	7,000	6,000	6,800
Silver	c/toz	177.0	2,064	482.0	553.4	525.0	505.0	500.0	510.0	525.0	550.0
Tin	c/kg	367.3	1,677	608.5	554.0	540.4	545.0	550.0	560.0	590.0	610.0
Zinc	c/kg	29.6	76.1	151.4	102.5	107.6	114.0	116.0	117.0	120.0	125.0

n.a. = Not available.

Note: Projections as of October 24, 2000

Source: World Bank, Development Economics, Development Prospects Group.

Table A2: Commodity Prices and Price Projections in Constant 1990 Dollars

Commodity	Unit	Actual					Projections				
		1970	1980	1990	1998	1999	2000	2001	2002	2005	2010
<b>Energy</b>											
Coal, US	\$/mt	n.a.	59.86	41.67	32.40	32.10	32.70	31.57	30.94	29.86	28.90
Crude oil, avg, spot	\$/bbl	4.82	51.21	22.88	12.31	17.49	27.74	23.91	19.40	15.36	14.64
Natural gas, Europe	\$/mmbtu	n.a.	4.72	2.55	2.28	2.06	3.76	3.59	2.96	2.35	2.12
Natural gas, US	\$/mmbtu	0.68	2.15	1.70	1.97	2.19	3.96	3.83	3.23	2.35	2.31
<b>Non-Energy Commodities</b>											
<b>Agriculture</b>											
<b>Beverages</b>											
Cocoa	c/kg	268.9	361.6	126.7	157.9	109.9	89.2	90.9	101.6	128.0	131.0
Coffee, other milds	c/kg	456.8	481.4	197.2	280.9	221.7	185.7	183.5	193.4	216.3	204.2
Coffee, robusta	c/kg	364.0	450.5	118.2	171.7	144.1	93.9	92.8	101.8	127.9	144.4
Tea, auctions (3) average	c/kg	332.7	230.5	205.8	192.8	178.0	187.3	183.7	177.3	166.4	161.8
<b>Food</b>											
<b>Fats and oils</b>											
Coconut oil	\$/mt	1582.4	935.9	336.5	619.9	713.5	439.9	478.3	498.8	529.0	500.9
Copra	\$/mt	895.8	628.8	230.7	387.3	446.7	307.1	406.5	401.8	392.5	372.2
Groundnut oil	\$/mt	1508.2	1192.7	963.7	856.8	762.4	693.6	707.9	715.8	699.7	655.0
Palm oil	\$/mt	1036.0	810.7	289.8	632.3	422.0	319.0	325.2	332.5	341.3	346.8
Soybean meal	\$/mt	408.7	364.5	200.2	160.5	147.3	183.3	186.5	184.7	183.5	174.2
Soybean oil	\$/mt	1140.8	830.0	447.3	589.7	413.6	336.9	344.4	351.0	366.9	354.5
Soybeans	\$/mt	465.8	411.4	246.8	229.2	195.2	208.1	210.5	212.4	213.3	208.1
<b>Grains</b>											
Maize	\$/mt	232.7	174.0	109.3	96.1	87.3	85.2	90.9	101.6	106.7	100.2
Rice, Thai, 5%	\$/mt	503.2	570.5	270.9	286.6	240.5	200.1	205.7	217.1	234.6	231.2
Sorghum	\$/mt	206.4	179.0	103.9	92.4	81.7	84.2	84.2	92.4	102.4	96.3
Wheat, US, HRW	\$/mt	218.7	239.9	135.5	118.8	108.5	111.0	114.8	120.1	136.5	131.0
<b>Other food</b>											
Bananas	\$/mt	661.7	524.0	540.9	461.2	361.9	426.5	445.0	453.1	451.5	437.5
Beef, US	c/kg	519.6	383.3	256.3	162.6	178.4	192.2	189.8	187.3	178.7	173.4
Oranges	\$/mt	669.5	555.8	531.1	416.8	424.2	361.6	382.6	461.8	482.1	462.4
Shrimp, Mexican	c/kg	..	1,600	1,069	1,488	1,414	1,489	1,449	1,413	1,323	1,225
Sugar, world	c/kg	32.8	87.7	27.7	18.5	13.4	17.4	17.3	16.7	17.1	18.5
<b>Agricultural raw materials</b>											
<b>Timber</b>											
Logs, Cameroon	\$/cum	171.3	349.6	343.5	269.8	260.7	272.5	272.6	277.1	281.6	296.7
Logs, Malaysia	\$/cum	171.8	271.6	177.2	153.0	181.1	190.2	189.4	194.0	209.0	223.5
Sawnwood, Malaysia	\$/cum	697.2	550.0	533.0	456.1	581.6	594.5	593.1	605.0	639.9	693.5
<b>Other raw materials</b>											
Cotton	c/kg	269.4	286.4	181.9	136.1	113.4	126.7	130.8	130.3	135.4	139.3
Rubber, RSS1, Malaysia	c/kg	162.2	197.9	86.5	68.0	60.8	69.9	71.7	73.3	75.2	76.5
Tobacco	\$/mt	4,287	3,161	3,392	3,143	2,944	2,958	2,870	2,863	2,773	2,543
<b>Fertilizers</b>											
DAP	\$/mt	215.1	308.6	171.4	191.7	172.1	153.6	157.8	161.6	166.4	158.0
Phosphate rock	\$/mt	43.8	64.9	40.5	40.5	42.6	43.6	42.1	40.6	37.5	35.5
Potassium chloride	\$/mt	127.5	160.7	98.1	110.1	117.8	121.4	118.6	114.5	106.7	97.9
TSP	\$/mt	171.3	250.4	131.8	163.0	149.5	138.7	143.5	143.2	136.5	131.0
Urea, E. Europe, bagged	\$/mt	191.2	308.5	130.7	97.1	75.3	111.0	114.8	120.1	119.5	115.6
<b>Metals and minerals</b>											
Aluminum	\$/mt	2,215	2,022	1,639	1,279	1,317	1,560	1,531	1,524	1,536	1,464
Copper	\$/mt	5,640	3,031	2,661	1,558	1,522	1,808	1,889	1,893	1,877	1,849
Gold	\$/toz	143.2	844.3	383.5	277.1	269.8	277.4	267.8	254.0	234.6	231.2
Iron ore	c/dmtu	39.2	39.0	32.5	29.2	26.7	28.7	28.2	27.9	27.3	25.4
Lead	c/kg	120.7	125.8	81.1	49.8	48.7	45.6	47.8	50.8	51.2	49.3
Nickel	\$/mt	11,339	9,054	8,864	4,362	5,819	8,521	7,174	6,465	5,119	5,240
Silver	c/toz	705.2	2,866.1	482.0	521.4	508.1	500.4	478.3	471.0	448.0	423.8
Tin	c/kg	1,463.5	2,329.8	608.5	522.0	523.1	540.0	526.1	517.2	503.4	470.1
Zinc	c/kg	117.9	105.7	151.4	96.5	104.2	113.0	111.0	108.1	102.4	96.3

n.a. = Not available.

Note: Projections as of October 24, 2000

Source: World Bank, Development Economics, Development Prospects Group.

**Table A3. Weighted Indices of Commodity Prices and Inflation**

Index	Actual					Projections a/				
	1970	1980	1990	1998	1999	2000	2001	2002	2005	2010
<b>Current dollars</b>										
Petroleum	5.3	161.2	100.0	57.1	79.0	122.4	109.3	91.8	78.7	83.0
Non-energy commodities b/	43.8	125.5	100.0	99.1	88.0	87.6	90.8	95.4	106.5	116.0
Agriculture	45.8	138.1	100.0	107.8	92.8	88.4	92.1	97.9	111.7	122.7
Beverages	56.9	181.4	100.0	140.6	107.7	87.4	89.9	98.6	121.7	132.9
Food	46.7	139.3	100.0	104.9	87.6	86.3	90.7	95.4	104.9	111.1
Fats and oils	64.4	148.7	100.0	132.8	105.0	96.0	101.8	106.4	116.8	125.7
Grains	46.7	134.3	100.0	101.3	86.4	78.3	84.1	93.2	110.1	117.4
Other food	32.2	134.3	100.0	84.1	74.0	82.8	85.2	87.6	92.3	95.6
Raw materials	36.4	104.6	100.0	87.3	88.5	91.8	95.7	100.5	113.0	130.3
Timber	31.8	79.0	100.0	90.9	111.8	112.0	115.7	122.3	140.4	168.2
Other Raw Materials	39.6	122.0	100.0	84.8	72.7	78.1	82.1	85.6	94.3	104.4
Fertilizers	30.4	128.9	100.0	122.1	114.1	107.1	111.9	114.3	116.7	123.3
Metals and minerals	40.4	94.2	100.0	75.5	73.7	83.8	85.6	87.6	92.7	98.6
<b>Constant 1990 dollars c/</b>										
Petroleum	21.1	223.8	100.0	53.8	76.5	121.3	104.5	84.8	67.1	64.0
Non-energy commodities	174.7	174.3	100.0	93.4	85.2	86.8	86.9	88.1	90.8	89.4
Agriculture	182.4	191.8	100.0	101.6	89.8	87.6	88.1	90.4	95.3	94.6
Beverages	226.6	252.0	100.0	132.4	104.2	86.6	86.0	91.1	103.9	102.4
Food	186.0	193.4	100.0	98.9	84.8	85.5	86.7	88.1	89.5	85.6
Fats and oils	256.4	206.5	100.0	125.2	101.7	95.1	97.4	98.3	99.6	96.9
Grains	186.1	186.5	100.0	95.4	83.6	77.5	80.4	86.1	93.9	90.5
Other food	128.4	186.6	100.0	79.3	71.6	82.0	81.5	80.9	78.7	73.6
Raw materials	145.1	145.2	100.0	82.3	85.7	91.0	91.6	92.8	96.4	100.4
Timber	126.6	109.7	100.0	85.7	108.2	111.0	110.7	113.0	119.8	129.6
Other Raw Materials	157.7	169.4	100.0	79.9	70.3	77.3	78.5	79.0	80.5	80.5
Fertilizers	121.1	179.0	100.0	115.0	110.4	106.1	107.0	105.6	99.6	95.0
Metals and minerals	160.8	130.8	100.0	71.1	71.3	83.0	81.9	80.9	79.1	76.0
<b>Inflation indices, 1990=100 d/</b>										
MUV index e/	25.10	72.00	100.00	106.14	103.31	100.93	104.54	108.27	117.20	129.77
% change per annum		11.11	3.34	0.75	-2.67	-2.30	3.58	3.57	2.68	2.06
US GDP deflator	33.59	65.93	100.00	119.32	121.11	123.89	126.87	129.91	138.54	152.96
% change per annum		6.98	4.25	2.23	1.50	2.30	2.40	2.40	2.17	2.00

a/ Commodity price projections as of October 24, 2000

b/ The World Bank primary commodity price indices are computed based on 1987-89 export values in US dollars for low- and middle-income economies, rebased to 1990. Weights for the sub-group indices expressed as ratios to the non-energy index are as follows in percent: agriculture 69.1, fertilizers 2.7, metals and minerals 28.2; beverages 16.9, food 29.4, raw materials 22.8; fats and oils 10.1, grains 6.9, other food 12.4; timber 9.3 and other raw materials 13.6.

c/ Computed from unrounded data and deflated by the MUV index

d/ Inflation indices for 2000-2010 are projections as of October 20, 2000. MUV for 1999 is an estimate. Growth rates for years 1980, 1990, 1998, 2005 and 2010 refer to compound annual rate of change between adjacent end-point years; all others are annual growth rates from the previous year.

e/ Unit value index in US dollar terms of manufactures exported from the G-5 countries (France, Germany, Japan, UK, and US) weighted proportionally to the countries' exports to the developing countries

Source: World Bank, Development Prospects Group. Historical US GDP deflator: US Department of Commerce.

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**Table A6. Weighted Indices of Commodity Prices and Inflation**

Index	Actual					Projections a/				
	1970	1980	1990	1998	1999	2000	2001	2002	2005	2010
<b>Current dollars</b>										
Petroleum	5.3	161.2	100.0	57.1	79.0	113.6	100.5	91.8	78.7	83.0
Non-energy commodities b/	43.8	125.5	100.0	99.1	88.0	89.9	92.9	97.2	107.2	116.4
Agriculture	45.8	138.1	100.0	107.8	92.8	91.7	95.3	100.6	112.7	123.3
Beverages	56.9	181.4	100.0	140.6	107.7	98.2	99.6	108.4	123.1	132.9
Food	46.7	139.3	100.0	104.9	87.6	86.2	90.7	95.4	106.0	112.5
Fats and oils	64.4	148.7	100.0	132.8	105.0	96.6	102.1	107.7	118.7	126.5
Grains	46.7	134.3	100.0	101.3	86.4	81.2	89.2	96.4	114.0	122.1
Other food	32.2	134.3	100.0	84.1	74.0	80.6	82.3	84.7	91.1	95.6
Raw materials	36.4	104.6	100.0	87.3	88.5	94.0	98.0	101.6	113.6	130.3
Timber	31.8	79.0	100.0	90.9	111.8	117.9	122.7	126.7	141.9	168.2
Other Raw Materials	39.6	122.0	100.0	84.8	72.7	77.7	81.1	84.5	94.3	104.4
Fertilizers	30.4	128.9	100.0	122.1	114.1	107.1	111.9	114.3	116.7	123.3
Metals and minerals	40.4	94.2	100.0	75.5	73.7	83.9	85.2	87.1	92.7	98.6
<b>Constant 1990 dollars c/</b>										
Petroleum	21.1	223.8	100.0	54.8	76.3	107.1	92.4	82.2	65.8	61.5
Non-energy commodities	174.7	174.3	100.0	95.1	85.0	84.7	85.4	87.0	89.7	86.1
Agriculture	182.4	191.8	100.0	103.5	89.6	86.4	87.6	90.1	94.3	91.3
Beverages	226.7	252.0	100.0	134.9	104.0	92.6	91.5	97.1	103.0	98.4
Food	186.0	193.4	100.0	100.7	84.6	81.3	83.4	85.4	88.7	83.2
Fats and oils	256.4	206.5	100.0	127.5	101.4	91.0	93.8	96.4	99.3	93.6
Grains	186.1	186.5	100.0	97.2	83.4	76.5	82.0	86.3	95.4	90.4
Other food	128.4	186.6	100.0	80.8	71.4	75.9	75.7	75.9	76.2	70.7
Raw materials	145.1	145.2	100.0	83.8	85.5	88.6	90.1	91.0	95.1	96.4
Timber	126.6	109.7	100.0	87.3	107.9	111.1	112.7	113.5	118.8	124.5
Other Raw Materials	157.7	169.5	100.0	81.4	70.2	73.2	74.6	75.7	78.9	77.3
Fertilizers	121.1	179.0	100.0	117.2	110.1	100.9	102.9	102.4	97.7	91.3
Metals and minerals	160.8	130.8	100.0	72.4	71.2	79.0	78.3	78.0	77.5	73.0
<b>Inflation indices, 1990=100 d/</b>										
MUV index e/	25.08	71.98	100.00	104.19	103.56	106.15	108.80	111.63	119.51	135.09
% change per annum		11.12	3.34	0.51	-0.60	2.50	2.50	2.60	2.30	2.48
US GDP deflator	33.59	65.93	100.00	119.19	120.92	122.74	124.95	127.44	135.78	150.50
% change per annum		6.98	4.25	2.22	1.45	1.50	1.80	2.00	2.13	2.08

a/ Commodity price projections as of July 20, 2000

b/ The World Bank primary commodity price indices are computed based on 1987-89 export values in US dollars for low- and middle-income economies, rebased to 1990. Weights for the sub-group indices expressed as ratios to the non-energy index are as follows in percent: agriculture 69.1, fertilizers 2.7, metals and minerals 28.2; beverages 16.9, food 29.4, raw materials 22.8; fats and oils 10.1, grains 6.9, other food 12.4; timber 9.3 and other raw materials 13.6.

c/ Computed from unrounded data and deflated by the MUV index

d/ Inflation indices for 2000-2010 are projections as of March 3, 2000. MUV for 1998 is a preliminary estimate and 1999 a projection. Growth rates for years 1980, 1990, 1998, 2005 and 2010 refer to compound annual rate of change between adjacent end-point years; all others are annual growth rates from the previous year.

e/ Unit value index in US dollar terms of manufactures exported from the G-5 countries (France, Germany, Japan, UK, and US) weighted proportionally to the countries' exports to the developing countries

Source: World Bank, Development Prospects Group. Historical US GDP deflator: US Department of Commerce. July 20, 2000

## ANNEX 2

### **Agriculture and the New Trade Agenda in the WTO Negotiations:** *A Capacity Building Project on Agricultural Trade Strategy and Policy*<sup>7</sup>

Progress Report for the period October 1999 – September 2000

#### **Project Objectives**

The project was launched in May 1999. It has the following objectives: **First**, This project aims to advance the process and implementation of international trade and agricultural policy reforms affecting agriculture in developing countries and strengthen the capacity of these countries to participate in the next WTO round of multilateral trade negotiations. It seeks to achieve these objectives through an integrated program of research, policy analyses/advice, and capacity building in developing countries. ; **Second**, to support developing countries in evaluating their interests and policy options in the WTO negotiations in agriculture. **Third**, to evaluate approaches, strategies, and multilateral rules to achieve an enabling policy and institutional framework for trade and development. **Fourth**, to provide country specific technical assistance, on trade and international agricultural policy in the context of WTO rules and development objectives.

#### **Completed Outputs of the Project (May 1999 – to date)**

**Phase 1: (May 99-Oct 99) Completed Identification of Issues and Preparatory Background analyses:** Several thematic issues papers under the built-in agenda in the URAA were completed in phase 1 of the project (May 99-October 99). An overview and synthesis of major recommendations was prepared in November and disseminated to key clients in 120 countries during preparations to Seattle and Post-Seattle activities to launch the negotiations. The key clients included country trade negotiators in Geneva, policy makers from Ministries of Agriculture, Ministries of Trade in capitals, international organizations, and NGOs. The initial findings of background research explored the economics of the major policy issues of interests to developing countries on the agenda taken up in the negotiations.

- **August, 1999: Launched the Project Web-Site** linked to Bank and WTO web-sites for dissemination and discussion forums. Address is as follows:  
<http://wbln0018.worldbank.org/trade/decagridoc.nsf>
- **October 1, 1999: Completed initial preparatory background research and analyses** on thematic issues taken up in Seattle. The initial findings were distributed to over 120 countries.

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<sup>7</sup> For questions regarding the objectives and structure of the project, please contact the Principal Project Manager, Dr. Merlinda D. Ingco [mingco@worldbank.org](mailto:mingco@worldbank.org).

- **October 1, 1999: First drafts of initial preparatory regional studies:** stocktaking of current Policies; evaluation of implementation of Uruguay Round Commitments and initial identification of issues, interests and options. Initial data gathering on domestic and trade policies in agriculture, which are not available in the WTO country notifications. The research were carried out by experts from respective developing country regions/countries as follows:

Preparatory background region-specific issues papers by region. Issues papers were completed as follows:

1. Developed countries—by Stefan Tangermann (University of Gottingen)
2. South Asia- by Prema Chandra Athukorala (Sri Lankan, Australian National University)
3. Latin America and Caribbean—by Alberto Valdes (World Bank) and Julio Paz Cafferata (FAO)
4. Eastern and Central Europe—by Natalija Kazluzkeine and William Meyers (FAO)
5. East Asia—by Malcolm Bale (World Bank)
6. Africa – by Ademola Oyejide (African Economics Research Consortium)

**B. Phase 2: Dissemination: Global Conference and Regional Workshops in**

**Africa:** The initial findings from phase 1 were widely disseminated to over 120 countries through the Geneva delegations. The papers were also presented in a high-profile Global Policy Conference in Geneva in October 1999 leading up to the WTO Seattle ministerial meeting. A number of the initial region specific analyses were also presented in a series of regional workshops, dissemination activities in South Asia and Africa. A series of recommendations derived from the first phase were publicized through a press release and press conference. An overview paper was prepared in November distributed to developing countries before and during the Seattle Ministerial.

Specific outputs during the second phase of the program include:

- High-level Global Policy Conference, in the lead up to Seattle, October 1-2, 1999, Geneva.
- Regional workshop in Africa and South Asia, in cooperation with WBI/DEC, IPC, (October-Dec 1999)
- Preparation of an overview research report and synthesis of main research findings and specific recommendations on the interests of developing countries on various issues;
- Dissemination of initial findings in preparation for Seattle and during Seattle Ministerial
- Initial Reviews of papers from phase 1 and Geneva conference papers
- Knowledge dissemination through a High-Profile Global conference, regional workshop in South Asia, and Africa, and training for Bank operational staff and Policy makers in developing countries

- **October 1-2, 1999, The 1999 Global Conference on “Agriculture and New Trade Agenda from A Development Perspective: Interests and Options in a New**

*Millenium Round*”, held at WTO, October 1-2, 1999. 30 papers with initial analyses of key issues were presented. Attended by over 300 participants including senior policy makers, trade negotiators, from developed and developing countries; Very positive feedback received from WTO Directors and Secretariat, WTO Committee on Agriculture and WTO delegations and policy makers from capitals (Ministries of Agriculture) from developed and developing countries. (See Annex 1 for conference program)

- **October 1, 1999: Joint World Bank-WTO Press Conference** (Alex McCalla World Bank, and Richard Eglin, WTO Director on Trade and Finance; held at the WTO
- **October 14-15, 1999: Conference “Africa’s Future Role in World Agricultural Trade” Elephant Hills, Victoria Falls, Zimbabwe**, African analysts sponsored by the project carried out initial country case analyses and presented their initial findings; the meeting brought together over 75 African policy makers and international experts.
- **December 20-21, 1999: South Asia Regional Workshop on “South Asia and the WTO”, Delhi, India**. South Asian developing country analysts presented their initial findings on country specific analyses at the workshop to South Asian policy makers and policy practitioners, Country Specific Papers Financed by the Agriculture Project and Contributed to the Dissemination Activities of the WTO 2000 Projects in South Asia, December 20-21, 1999, India (see Annex 2).
- **January 00-May, 00:** Several Presentations in WTO Meetings of the Committee on Agriculture; Consultation Meetings in FAO, UNCTAD; Completed Reviews, updates and revisions of phase 1 papers for a series of publications in 2000-2001.
- **Bangladesh, May 16, 2000**. Dissemination of Bangladesh country paper on "Agriculture and WTO 2000 Negotiations: Economic Analysis of Interests and Options for Bangladesh", In cooperation with the Bangladesh International Institute of Strategic Studies.
- **July 25-27, 2000: Presentation at the Cameroon national workshop on the WTO 2000 negotiations**. It involved the Ministry of Industrial and Commercial Development (MINDIC), especially the inter-ministerial committee on WTO, and the United Nations Economic Commission for Africa’s (UNECA) Central Africa Sub-regional Development Center. The AERC, the UNECA and the World Bank jointly funded the workshop. Discussions were based on research completed in these three institutions. Focussing on the main purpose of the workshop, this was the first opportunity to bring such a variety of stakeholders to discuss the WTO issues and their likely implications for the country. It would be difficult to claim that the workshop allowed the emergence of a country position for the negotiations, since we started from a low level of knowledge. The most important aspect of the workshop is probably the fact that it created a momentum for the preparation of the country

position. It was also clear that such a position should have a heavy involvement of a wide range of stakeholders. The Minister of Higher education, who presided over the opening ceremony, explicitly requested for a workshop report that would be given to the Prime Minister's office and discussed at a forthcoming meeting of the cabinet. He also indicated that earlier cabinet discussions led to a request to MINDIC to organize a workshop on the negotiations. The government was therefore very appreciative for the initiative.

- **October 2-6, 2000, Regional Workshop on Capacity Building on Agricultural Trade for Central and West Africa, Dakar, Senegal. Background analyses on impact of implementation of the Uruguay Round** for three African countries (Niger, Cameroon and RCA) were completed. The workshop was organized in partnerships with the following:  
Le Ministre Fédéral Allemand de la Coopération économique et du Développement (BMZ);  
La Fondation Allemande pour le Développement International et le Centre de Développement pour l'Alimentation et l'Agriculture (DSE/ZEL) ;  
Le Centre Technique de Coopération Agricole et Rurale (CTA) ;  
La Conférence des Ministres de l'Agriculture de l'Afrique de l'Ouest et du Centre (CMA/AOC) ;

### ANNEX 3. World Bank agricultural projects in least developed countries, 1999-2000

**Agricultural Sector,  
1999-2000**

Project Name	Country	Sector Name	Fiscal year	IBRD Amt. (\$m)	IDA Amt. (\$m)	Loan Amt. (\$m)	Description
AGRIC SECTOR PEP	Mozambique	Agricultural Credit	1999	0	30	30	The Agricultural Sector Expenditure Program (PROAGRI) aims at improving public expenditure, securing a sustainable and equitable growth in the rural sector, reducing poverty and improving food security, while protecting the environment. The program's components are grouped into three subprograms: 1) the institutional development will focus on an analysis of the structure of the Ministry of Agriculture and Fisheries (MAP), its decision-making, and restructuring. Included is an assessment of its human resources, in accordance with the civil service reform. Strengthening MPA, at both the central and provincial levels, will improve its management, monitoring and evaluation, among other areas. The development of an agriculture information system is included, as well as the potentiality for MAP to formulate policy analysis; 2) the agricultural support services will include agricultural research in farming systems' technologies, increasing farmers participation, as well as developing partnerships in extension service
AGR.SRCV ES&PROD. ORGS	Senegal	Research	1999	0	27	27	
ICB-PAMSU	Uganda	Forestry	1999	0	12	12	
TN-WATER SECTOR INVESTMENT PROJECT	Tunisia	Irrigation & Drainage	2000	103	0	103	The Water Sector Investment Project for Tunisia aims to promote effective integrated water resource management; and to promote water resources conservation and environmental protection. There are five project components. The first helps create small, tubewell-based, irrigation perimeters; modernizes and rehabilitates existing perimeters; drains installations on irrigated perimeters; electrifies water sources and tubewells for potable water and/or irrigation in order to reduce energy and maintenance costs; creates water points in the southern arid zone; and works towards flood water management. The second component helps drill exploratory wells and piezometers, protects and rehabilitates existing ones; develops infrastructure for artificial groundwater recharge from available surface water; and pilots participatory management approaches. The third component monitors the quality and quantity of water resources; and protects the water resource base and soils. The fourth component provides potable water to rural

AGRIC DEVT & CREDIT	Azerbaijan	Agricultural Credit	1999	0	30	30	The Agricultural Development and Credit Project seeks to return Azerbaijan's farming areas to former levels of productivity under a new system characterized by private family and group farms operating in private markets. There are four project components. 1) Real estate registration component will support the Government's national program for privatizing and titling state and collective farm land; and develop and implement the organizational and legal framework for a unified real estate cadastre system. 2) Rural finance component will pilot a mechanism to increase the availability in rural areas of market based credit and deposit services for rural households, enterprises, and farms. In particular, the component will establish two types of local financial intermediaries -- credit cooperatives and groups of jointly liable borrowers. 3) Information and advisory services component will increase farmers access to information, advice, and training. It will build capacity for the provision of such services in the p
AGRIC. SVCS. II	Cote d'Ivoire	Agriculture Adj.	1999	0	50	50	
SOHAG RURAL DEV.	Egypt, Arab Rep	Agriculture Adj.	1999	0	25	25	
WTRSHD MGMT HILLS II	India	Other Agriculture	1999	85	50	135	The Integrated Watershed Development (Hills II) Project aims to improve India's productive potential in five states, using evolving watershed treatment technologies and community participatory approaches. The project contributes significantly to decreasing soil erosion, increasing water availability, and alleviating poverty in the contiguous areas of the Shivalik hills in the five project states. The project has two main components: 1) Watershed protection and development; and 2) Institutional strengthening. The first component includes watershed treatments, fodder and livestock development, and rural infrastructure development. The second component includes policy reforms, studies, and human resource development; beneficiary capacity building; income generating activities for women; information management and monitoring and evaluation; and support to project coordination.
P. S. REHAB. III	Egypt, Arab Rep	Irrigation & Drainag	1999	120	0	120	
RURAL INFRASTR UCTURE	Mali	Irrigation & Drainag	2000	0	115	115	
IRRIG & DRAIN II	Albania	Irrigation & Drainag	1999	0	24	24	The development objectives of the Second Irrigation and Drainage Rehabilitation Project are to support the sustainable and equitable use of agriculture production. There are four project components. The first, rehabilitates and improves irrigation facilities, flood control and drainage facilities, and irrigation reservoirs and headworks, as well as supporting field surveys, project design, and construction supervision. The second component continues support provided under the first project for developing a sustainable irrigation sub-sector by 1) strengthening and expanding the transfer of irrigation management to water users' associations; 2) assisting the restructuring of water enterprises into more sustainable institutions responsive to their users; and 3) assisting the construction industry to encourage better contract practices and construction quality. The third component improves irrigation technologies like gate and pump station design, develops design

							manuals, commissions sector studies, and conducts
AGR SUPPORT SERVICES	Romania	Research	2000	11	0	11	Within the strategic context, the Agricultural Support Services Project will promote public, and private services, to support the development of research, and extension services for private farmers. Agricultural productivity, and sustainability will be increased, providing needed technology, information, and training for private farmers, and agro-processors. The two main components: 1) applied research, and extension, will support agricultural research, and extension on priority problems, by means of a Competitive Grant Scheme (CGS). It will ensure a close association between research scientist/extension specialists, and the needs of newly emerged private farmers, particularly in the formulation, and evaluation of research, and extension proposals. CGS will extend the range of research and extension grant participants, to include universities, NGOs, private industry, and extension services. Funding will be provided to meet priority needs, marketing, and efficient input, and low cost options, for production, a
INTEG DEV PROG FOR I	Mauritania	Irrigation & Drainag	2000	0	38	38	The objective of the Integrated Development Project for Irrigated Agriculture (first phase) in Mauritania, is to lay the foundation for a sustainable development of irrigated agriculture in technical, financial, environmental, and socioeconomic terms. The project conforms to the Country Assistance Strategy (CAS) objectives, in support of the government's long-term strategy for the rehabilitation, and sustainable development of irrigated agriculture, and, in the construction of basic rural infrastructures in the Senegal River Valley. To accomplish these objectives, the main components will: 1) create the policy, legal, and, institutional frameworks to ease the development of irrigated agriculture; 2) develop basic public and private infrastructures. Research and development will be supported under this component; 3) improve management and organizational skills within farmers, as well as farmer associations; 4) strengthen the traditional irrigated agriculture sub-sector, supporting traditional crop production;
RURAL DEVELOP MENT	Latvia	Agricultural Credit	1999	11	0	11	
SMALLHL DR CATTLE DEV	China	Livestock	2000	94	0	94	The Small-holder Cattle Development Project aims at improving cattle productivity, through an increased efficiency of converted low-value crop residues, into high-value beef, and beef products. It will further promote marketing linkages on cattle profitability, integrating markets, producers, and processors into a demand-oriented marketing system. The project components will: 1) improve cattle breed, suitable for commercial production, while preserving indigenous breeds. It will strengthen the efforts of provincial governments in cattle breed improvement, upgrading beef bull stations, and where necessary, will import bulls for cross-breeding. Artificial insemination will be complemented

							with new frozen-straw technology, to improve the genetic system. Cattle vitamin-mineral molasses blocks will be produced, through a pilot plant; 2) increase cattle production, as a result of the cattle breed and feed improvements, and, adequate veterinary services, and animal husbandry practices. With forage enhancement techno
AG.EXT.& RES. SUPPORT	Cameroon	Research	1999	0	15	15	
EG-NATIONAL DRAINAGE II	Egypt, Arab Rep	Irrigation & Drainag	2000	50	0	50	The Second National Drainage Project will increase agricultural productivity, through drainage improvement, thus raising rural incomes based on the diversified, and sustainable production, resulting from appropriate uses of land, and water resources. The components will: 1) provide surface drainage in the old cultivated lands, as well as in reclaimed lands, including trench-less drain land; 2) renew, and/or rehabilitate existing surface drainage systems; 3) remodel open surface drains in most of the project areas, and provide operation, and maintenance equipment for open and sub-surface drains, materials during the transition period, and pumping stations for emergency centers; 4) support management, and institutional building through technical assistance, and training provision, to establish pilot schemes for integrating irrigation, and drainage user's associations in two Governorates, and in support of the Environmental Management Plan. Farmers outreach, and participatory activities will be supported, and, m
WESTERN POVERTY RED	China	Other Agriculture	1999	60	100	160	
RES. & EXTENSION	Peru	Research	2000	10	0	10	Within the strategic context, the Agricultural Research and Extension Project will strongly support the government's efforts for poverty reduction, by improving agricultural technology systems, thus increasing agricultural productivity, and farmer incomes, and further expanding agricultural marketing, and processing industries. The project components call for: a) the development of program and policy coordination, to manage technology systems, and coordinate public sector support for agricultural research, and extension, in addition to facilitating institutional reforms; b) the establishment of an agricultural technology fund, to co-finance adaptive research, and extension projects, based on competitive bases, to be selected regionally. Farmers and research/extension institutions, - private sector participants, government technical institutions, or non-governmental organizations - will co-finance projects to be implemented at regional, and community levels; c) an increased capacity building, for the developme
MEKONG DELTA WATER	Vietnam	Irrigation & Drainag	1999	0	102	102	
AGRICULTURAL PRODUCT	Mexico	Agriculture Adj.	1999	444	0	444	

COMMODITIES.MKT.DEV.	Turkey	Agro-Indus.&Market.	1999	4	0	4	
ANNING VALLEY AG.DEV	China	Irrigation & Drainag	1999	90	30	120	
FARM PRIV SUPPORT	Tajikistan	Other Agriculture	1999	0	20	20	The Farm Privatization Support Project seeks to assist the government to: a) develop procedures and institutional mechanisms at the state level and selected regions to ensure fair and equitable transfer of land and other farm assets to private individuals or groups; b) implement these procedures in ten selected farms; and c) create sustainable private family farming units and provide them with the enabling conditions to operate independently in a market economy. The project consists of four components: 1) Farm restructuring services will support the development of procedures and institutional mechanisms at the state and selected regions to ensure fair and equitable transfer of land and other farm assets to private individual or groups; and to create sustainable family farms. 2) Irrigation and drainage works will support efforts to repair and replace such facilities in the selected farms so as to create and sustain privatized agriculture at the farm levels; to assist in the establishment of water users' associ
ON-FARM IRRIGATION	Kyrgyz Republic	Irrigation & Drainag	2000	0	20	20	The On-Farm Irrigation Project will achieve increased crop production, through reliable, and sustainable water distribution on irrigated land across the Kyrgyz Republic. The components will: 1) support the establishment, and training of water users associations' (WUAs) units at the Department of Water Resources central office, and its offices in the seven oblasts selected under the project. Technical expertise will be provided for WUA development, through formal, and on-the-job raining; 2) support rehabilitation of on-farm irrigation distribution systems under the management of WUAs, giving priority to farms within the area of irrigation systems that have, or will be rehabilitated under the Irrigation Rehabilitation Project (IRP); and, 3) strengthen the Project Implementation Unit, established for implementation of the IRP, and the Flood Emergency Project, with the necessary staff, and equipment to implement this project as well. Auditing expenses will be financed from the Credit.
UP SODIC LANDS II	India	Other Agriculture	1999	0	194	194	
VILLAGE COMMUNITY SUPPORT PROGRAM	Guinea	Agriculture Adj.	1999	0	22	22	
PRIVATE IRRIGATION	Burkina Faso	Irrigation & Drainag	1999	0	5	5	

GUANZHONG IRRIGATION	China	Irrigation & Drainage	1999	80	20	100	The Guanzhong Irrigation Improvement Project aims to improve the existing irrigation systems in Guanzhong Plain of Shaanxi Province and thereby raise agricultural production and farm incomes. There are eight project components. 1) Improvement and expansion of water source will improve the existing nine irrigation areas and develop some tracts of land. 2) Improvement of major distribution system will support repair and completion of concrete panels or masonry lining in main and branch canals. 3) The component will support rehabilitation of pumping stations in six irrigation districts (IDs). 4) This component will improve the existing minor canals, drains, and on-farm development works on partially irrigated land, and expand new systems to land that currently has no irrigation distribution network at the lateral level. 5) Improvement of operation and maintenance will improve access roads to key infrastructure works and renovate management stations and research facilities. 6) Training, study tours, and technical
FORESTRY	Nicaragua	Forestry	1999	0	9	9	
PILOT FISHERIES DEV.	Morocco	Fisheries & Aquaculture	1999	5	0	5	The Pilot Fisheries Development Project will support the objectives of the Country Assistance Strategy (CAS), encouraging private sector development, through the promotion and competitiveness increase of the fisheries sector. Further objectives call for public sector reform, which the project will address through decentralization and private sector initiatives. Social and rural development strengthening, will be reinforced through expansion of small-scale and coastal fisheries development. The project contains two main components, as follows: 1) strengthening the institutional capacity of the Ministry of Marine Fisheries (MOMF) to manage and develop the fisheries sector. This component includes institutional reforms, supporting decentralization and organizational restructuring, in addition to an administrative reorganization. The decentralization process will improve with the inclusion of an integrated management information systems, providing computer equipment and technical assistance. Furthermore, major se
SUSTAINABLE FORESTRY PILOT	Russian Federation	Forestry	2000	60	0	60	The Sustainable Forestry Pilot Project aims to improve public sector management of Russia's forests, improve the enabling environment for private sector investment, and replicate these policy reforms and the improved forest management system to other regions. There are three principal project components. The first component supports policy reforms, improved forest land-use planning and information management, improved forest protection, and improved regeneration. The second component provides support to regional administrations to restructure forest industrial enterprises through training programs in improved forest harvesting and processing technologies, modern management and business practices, and improved utilization of non-timber forest production. The third component supports project management and coordination including implementation, procurement, and financial management and monitoring.
PRIVATE SECTOR & AGRICULTURE DEVELOPMENT	Egypt, Arab Republic	Agricultural Credit	1999	225	75	300	The Private Sector and Agriculture Development Project seeks to support the Government of Egypt's continuing policies of encouraging broad-based private-sector-led growth in order to meet the need for increased employment opportunities and income. Specifically, the PSADP aims to promote rural economic development, and strengthen financial and institutional viability of the Principle Bank for Development and Agricultural Credit (PBDAC), the main institution providing financial services in rural Egypt. The project has two components. The first finances a line of credit covering all categories of agricultural and rural investment, including investment in such activities as

							transportation, storage, and trading of agricultural inputs or products, irrigation investments, small industry and commerce. Permanent working capital is eligible for funding when included as part of the costs of implementing the investment sub-project. The second component, institution building, improves the accounting and auditing function
LAND FUND	Guatemala	Other Agriculture	1999	23	0	23	
LAKHDAR WATERSHED MG	Morocco	Research	1999	4	0	4	
ANIMAL& PLANT DIS. CO	Brazil	Livestock	1999	44	0	44	The Animal and Plant Health Protection Project aims to increase Brazil's competitiveness and productivity in its agricultural and livestock sectors. The project has three components. The first has three subcomponents comprising subprojects implemented 1) by eligible farmer associations to support collective actions to eradicate foot and mouth disease and hog cholera; control Newcastle Disease, micoplasmosis and salmonellosis in livestock; and eradicate plagues affecting fruit exports of apple, mango, melon, and papaya; 2) by state agencies to strengthen intrastate and interstate transit control of animals and plants, train technical personnel and farmers in agricultural health; and improve the agricultural monitoring and surveillance system; and 3) by the Ministry of Agriculture for capacity building, and for purchases of equipment, materials, vehicles, and computer hardware and software. The second component funds technical assistance, training, and consultancies. The third component finances project administ
WHOLESALE MKT. II	Poland	Agro-Indus.&Market.	1999	11	0	11	
RURAL DEV.MARG. ARII	Mexico	Other Agriculture	2000	55	0	55	The Rural Development in Marginal Areas Project (APL), second phase, seeks to improve the well-being and the income of smallholders in targeted marginal areas through sustainable increases in productivity and better food security. There are four components. The first component finances demand-driven investment sub-projects for agricultural production, natural resources management, processing activities, and minor productive infrastructure through a matching grant system. Sub-projects include farming equipment and tools, inputs for cultivation or livestock, animals, construction material, small works and installations, processing machinery, small irrigation and drainage works and equipment, plantations and nurseries, technical assistance and specialized training, and storage facilities for inputs and products. The second component funds the preparation and implementation of simple plans of community-based natural resources management using participatory rural assessment methods, small projects of indirect bene
RURAL FINANCE III	Philippines	Other Agriculture	1999	150	0	150	
ASAL I	Bulgaria	Agriculture Adj.	1999	76	0	76	

AGRICULTURAL AND RURAL MARKET DEVELOPMENT.	Rwanda	Agriculture Adj.	2000	0	5	5	The Agricultural and Rural Market Development Project's main objective is to contribute to the revitalization of Rwanda's agricultural and rural economy by successfully identifying policies and institutional mechanisms to promote efficient, private-sector based, local agricultural input distribution and output marketing systems in order to raise modern farm input use among farmers and thereby the productivity of labor and hence the level of incomes in the rural sector. The project has three main components. The first, promotion of input use and distribution systems, includes farmer access to seasonal credit for modern farm inputs; advisory services for the adoption of modern farm inputs; and access to credit, multiplication, and distribution of improved seeds. The second, support to local agricultural marketing systems, is comprised of crop conservation, processing, and marketing technologies; strengthening of rural agricultural marketing poles; and support to private trader investment in marketing services.
North-East Irrigated Agriculture Project	Sri Lanka	Irrigation & Drainage	2000	0	27	27	The North-East Irrigated Agriculture Project aims to help conflict-affected communities to re-establish at least a subsistence level of production and basic community services, through assistance with "jump-starting" agricultural and small-scale reconstruction activities, and to build their capacity for sustainable social and economic reintegration. There are five project components. The first rehabilitates irrigation schemes such as refilling breached sections of embankments, raising low spots on embankments, repairing or replacing sluices, fixing leaking and improving inadequate spillways; repairing scheme access roads, and cleaning and desalting main canals. The second component finances community capacity building, provides support for social mobilization by nongovernmental organizations, repairs rural roads and drinking water facilities, funds small-scale micro-enterprise credit schemes, and provides technical assistance. The third component finances feasibility studies. The fourth component finances the
Agricultural Serv. Innovation & Reform	Bangladesh	Agricultural Extens.	2000	0	5	5	The Agricultural Services Innovation and Reform Project will support the Government of Bangladesh in accelerating agricultural growth and rural development, and, improve people's livelihood in poor rural areas. Specifically, dissemination of agricultural technology will be improved, and, the diversification for higher value commodities will be promoted, with good external market prospects, including the use of Non Governmental Organizations (NGOs), and contract models. The components will include: 1) Strengthening institutional capacity, providing support to the Horticultural Export Development Foundation (HORTEX), to pioneer horticultural production and export activities. The component will provide support to farmers, and private sector development will further increase HORTEX clients in this field. 2) The implementation capacity of the New Agricultural Extension Policy (NAEP) will be strengthened, through partnership agreements, and grants, with the Department of Agricultural Extension (DAE), and from NGOs,

Agro-pastoral Export Promotion Project	Niger	Agro-Indus.&Market.	2000	0	10	10	The Agro-Pastoral Export Promotion Project for Niger aims to make producers and exporters efficient in supplying the agro-pastoral export market, reacting to market changes, and seizing opportunities. There are three project components. The first supports a cluster of activities that promote trade and information services including product and market identification and development, trade information services, specialized support services on procedures, product quality and packaging, applied research, promotional activities abroad, and a project website. The second component provides institutional support to producer and exporter organizations including legal advice, and assistance for internal organization and financial and administrative management. Support will be provided through project specialists, consultants, seminars, and other training for a. It will also encourage the formation of savings and credit services. The third component comprises a demand-driven matching grant facility made available to the
MINDANAO RURAL DEV	Philippines	Agriculture Adj.	2000	28	0	28	The Mindanao Rural Development Project aims to increase the income and improve food security of targeted agricultural and fishermen communities in the Philippines, thus restoring economic growth through poverty reduction and equity improvement. The main components are: rehabilitation of rural roads and farm-to-market access roads, ensuring that provincial roads meet essential criteria and link to existing all-weather roads. Communal irrigation will be supported through improved management and schemes maintenance. Spring development projects will provide safe potable water to the communities, while water, sanitation, and health associations' management and institutional development will be strengthened; 2) the Community Funds for Agricultural Development will be established to address priorities of the communities. The funds will be provided initially, from loan proceeds, and municipal contributions, to support agricultural and fisheries development, particularly targeting poor communities, specifically women
RURAL INFRA REHAB	Tajikistan	Irrigation & Drainag	2000	0	20	20	The Rural Infrastructure Rehabilitation Project aims to increase water supply and efficiency in the main and secondary irrigation canals supplying the farms being privatized under the Farm Privatization Support Project (FPSP) and adjoining farms, develop institutional capability in land and water resources management, and improve the quality of drinking water in selected villages. There are four project components: 1) Rehabilitation of main irrigation and drainage works will support repair of head-works, downstream protection works addressing main water supply to the project areas, repairs and replacement of damaged canals, and selective improvement of access roads to the main and secondary irrigation canals and pump stations. 2) Provision of community-based village water supply in selected villages will support construction of tube wells with submersible pumps, and rehabilitation and construction of pump unit in selective water supply pump stations. 3) Institutional capacity building for improved land and wa

AGRIC.RE S & TRNG. II	Uganda	Other Agriculture	1999	0	26	26	The Second Agricultural Research and Training Project (ARTP II) seeks to a) increase the efficiency and productivity of the dominant crop, livestock, fisheries, and forestry farming systems of Uganda; b) increase farm household income and improve family welfare; and c) enhance the management of natural resources for the protection of the environment. There are three project components. 1) Technology development and adaptation will finance: adaptive research and development activities to address specific production constraints and opportunities; new priorities to respond to serious emerging problems identified in subsequent annual assessment; and establishment of an Agricultural Research and Development Fund to support a competitive research grants scheme. 2) Outreach, extension, and technology dissemination will give priority to the development and transfer of technology that address actual constraints of the dominant production systems of Uganda. It will also support demand-driven, client-oriented research a
DECENT AGR/FOR EXT	Indonesia	Other Agriculture	2000	13	5	18	The Decentralized Agricultural and Forestry Extension Project aims to assist Indonesia in enhancing farmers' capacity to participate in extension activities and in strengthening the capacity of the district-level integrated agricultural and forestry extension system, which will promote economically feasible, environmentally sustainable, and socially acceptable farming practices and increased farmers' income. There are three project components. The first revitalizes farmer groups and the organization of farmer networks; builds capacity of farmers to participate in and to lead extension activities; and promotes participatory extension methods and provides media and technology support. The second component extends the introduction of institutional and management reforms at the district level; builds the capacity of extension staff in the participating districts; and strengthens the extension support and delivery systems in participating districts. The third component improves the extension policy, conducts speci
Forest Concession Mgt and Control Pilot	Cambodia	Forestry	2000	0	5	5	The Forest Concession Management and Control Pilot Project, will improve forest management, through effective operational guidelines, and control procedures in forest concession areas, and, will establish forest crime monitoring, and prevention capabilities. The components will: 1) support the Department of Forestry and Wildlife (DFW), providing guidance, and quality control over concessionaire preparations in forest management plans. Field surveys, and inventories will be conducted, including assessment of management constraints, bio-diversity, and social issues, and risks of timber theft. Financing will be available to acquire satellite imagery, aerial photography, training, and technical assistance; 2) strengthen the capacity of the Forest Management Office of the DFW, to oversee operations, and ensure compliance with conditions established under the first component. Civil works, equipment, training, and technical assistance will be financed under this component; 3) strengthen the capacities of the Legal,
FLOOD EMERGEN CY	Kyrgyz Republic	Irrigation & Drainag	1999	0	10	10	

LAND REFORM	Zimbabwe	Other Agriculture	2000	0	5	5	The development objective of the Land Reform Support Project for Zimbabwe is to initiate on a pilot basis a couple of land reform approaches that show promise to reduce rural poverty and increase agricultural productivity in the participating farms. The project directly benefits an estimated 1000 poor rural families from congested communal areas through improved access to land and direct participation in complementary community investment subprojects. The project has four components. It establishes a land acquisition fund for a community-initiated, market-assisted approach. That is, self-identified communities or community groups of poor households purchase farms with resources from the fund. The second and third components support infrastructure investments through funding subprojects on a matching grant basis, a one-time cash start-up grant, and technical assistance to establish the land settlement and improve land productivity. The fourth component provides technical assistance, institutional support, proj
YANGTZE FLOOD EMERGENCY	China	Other Agriculture	1999	40	40	80	The Yangtze Flood Emergency Rehabilitation Project aims to rebuild social and economic infrastructure damaged by the devastating floods in Hubei, Hunan, and Jiangxi provinces, thereby rapidly restoring economic production and social services. In the project design, priority has been given to restoring and rebuilding the water supply and health facilities to prevent the spread of diseases after the floods, and roads to restore key access to the flooded areas so as to regenerate economic activities. The main components are restoration and reconstruction of roads, water supply systems, county and township secondary and primary schools, hospitals, health centers and clinics, and irrigation systems. The project also provides for each province to upgrade existing or developing flood forecasting, and simulation and dispatch systems, taking into account the recent flood experience.
CEARA WTR MGT	Brazil	Irrigation & Drainag	2000	136	0	136	
RUR FIN 2	Kyrgyz Republic	Agricultural Credit	1999	0	15	15	The main development objectives of the proposed Second Rural Finance Project are to: a) strengthen and expand a sustainable rural financial system that will serve a broad range of beneficiaries; b) contribute to the reduction of poverty in rural areas; and c) expand access to credit for those with limited collateral. The first component, Rural Finance, consists of: a) commercial credit line, which will provide a credit line to Kyrgyz Agricultural Finance Corporation (KAFC) to on-lend for working capital and investment under commercial terms and conditions; and b) special credit line for small-farmers credit outreach program, consisting of group lending based on "social collateral", to allow those with inadequate physical collateral but with sound bankable projects to receive loans. The Institutional Development Component will deal with: a) capacity building for KAFC to improve its operating efficiency and ensure that it can survive as a self sustaining financial intermediary; and b) other technical assistance

Yangtze Dike Strengthening Project	China	Irrigation & Drainag	2000	210	0	210	The Yangtze Dike Strengthening Project aims to enhance the protection of the river bank against erosion and to improve critical sections of existing main dikes along the banks of the mid-Yantgze River in Hunan and Hubei Provinces, thus protecting the properties and lives behind the dikes against floods. There are eight project components: 1) River bank and dike fountain seepage protection will support river protection works. 2) Dike strengthening for Hubei and Hunan Provinces will support dike rehabilitation and seepage control, and cross-dike structures rehabilitation and replacement. 3) Dike monitoring and river modeling will set up a computerized system to monitor the seepage through the dike and settlement/deformation of the dike. 4) Equipment for dike maintenance will provide modern equipment for dike maintenance. 5) Resettlement will implement various housing and economic restoration measures to accommodate the 10,958 families affected. 6) Environmental management will support environmental measures det
IRRIG DAM SAFETY	Armenia	Irrigation & Drainag	1999	0	27	27	Three complete dam failures occurred in Armenia in 1974, 1979, and 1994 respectively. All reported accidents could have been avoided if proper surveillance and operation and Maintenance procedures were in place. Such observations suggest that other failures cannot be rules out if the situation of dam safety in Armenia is allowed to remain out of control. Considering that no dam is reported to have a functioning instrumentation system and that country-wide around 460,000 people are at risk, the situation should be regarded as an emergency. Accordingly, the Dam Safety Project aims to protect the population and the socio-economic infrastructure downstream of the dams facing the highest risk of failure. This project has two main components. The first component supports repair work on primary irrigation dams including design and supervision, field tests, civil works, hydraulic steel structures. Rehabilitation consists of upstream protection works, spillway structural repairs, leakage reduction, and irrigation/bott
AG TECHN & RURAL EDU	Nicaragua	Other Agriculture	2000	0	24	24	This Project is the first phase of the Agricultural Technology Program, and will aim at initiating a system of reforms, to strengthen the agricultural technology development of public institutions, and create guidelines to guarantee interactions of public, and private sector institutions within the program. The components will: 1) develop institutional capacity, through a reform policy, establishing institutional arrangements to encourage both public, and private institutions' involvement in agricultural technology, technical education, and training activities; 2) establish a competitive fund for agricultural services, to promote grant facilities responsiveness to client demands. Under the fund, the grant facilities will be tested, on an evaluation basis of their effectiveness, for further expansion with improved administrative procedures, and institutional arrangements; 3) support agricultural research, and development; technology transfer; seed production; in-service training of front line technical assista
RIVER BANK PROT SUP	Bangladesh	Agricultural Extens.	1999	0	45	45	
COASTAL EMBANKMENT S	Bangladesh	Agricultural Extens.	1999	0	17	17	

AGR RES EXT & TRG	Georgia	Research	2000	0	8	8	The Agricultural Research, Extension, and Training Project aims to initiate the development of an efficient and cost-effective agricultural knowledge system to demonstrate, disseminate, and promote the adoption of appropriate technologies that increase sustainable agricultural production and reduce pollution of natural resources. There are three project components. The first funds adaptive research and technology dissemination, and supports agricultural practices to reduce environmental pollution. The second component reforms the agricultural research system. The third component finances a pilot pollution control program that promotes efficient manure management practices; adapts research, conducts on-farm testing, and demonstrates the use of bio-gas digesters in villages; and sets up a watershed-scale water quality monitoring program.
IRRIG/DR AINAGE REHAB	Azerbaijan	Irrigation & Drainag	2000	0	42	42	
WHOLESA LE MKT. I	Poland	Agro- Indus.&Market.	1999	16	0	16	
Fourth Fisheries	Bangladesh	Fisheries & Aquacult	2000	0	28	28	