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Item 3 (a) of the provisional agenda*

**Review of issues pertinent to the subsidiary structure of the Commission, including the work of the regional institutions:
Macroeconomic policy, poverty reduction and inclusive development**

Report of the Governing Council of the Centre for the Alleviation of Poverty through Sustainable Agriculture on its ninth session**

Summary

The ninth session Governing Council of the Centre for the Alleviation of Poverty through Sustainable Agriculture (CAPSA) was held in Bogor, Indonesia, on 14 and 15 February 2013. During the meeting, it reviewed the activities and achievements of CAPSA in 2012, the administrative and financial status of CAPSA in 2012, and progress in implementing the Network for Knowledge Transfer on Sustainable Agricultural Technologies and Improved Market Linkages in South and South-East Asia (SATNET Asia).

In addition, the Governing Council endorsed the proposed workplan of the Centre for 2013. The Council identified a number of options for addressing the challenges faced by the Centre that were supported with inputs from member States as well as from observers attending the session.

The Governing Council made several recommendations regarding the financial viability of the Centre and relevance of its work as well as the modalities that should be adopted in the implementation of its work programme in the future. The Council recommended that a collaborative effort be implemented in order to increase funding to the Centre and that member States seek support from their respective Governments in that regard. The Council recommended that CAPSA continue to facilitate South-South cooperation and that such initiatives should focus on identifying best policy options and be aimed at engaging policymakers in the Asia-Pacific region. The Council also recommended that CAPSA continue to evaluate its strategic position vis-à-vis country requirements on the basis of the importance of the agricultural sector in the national economy and to prioritize its work towards countries where its services are most needed. The Council also recommended that CAPSA continue to organize capacity-building programmes.

The Commission may wish to deliberate on these issues and propose policy recommendations for the alleviation of poverty through sustainable agriculture in the region.

* E/ESCAP/69/L.1.

** The late submission of the present document is due to the fact that the Governing Council session was held after the deadline for submission to conference services.

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I. Recommendations of the Governing Council

1. The Governing Council recommends that a collaborative effort be implemented in order to increase funding to the Centre and that representatives of member States seek the support of their governments in this respect.
2. The Governing Council recommends the following: (a) ESCAP look into the proposal that a trust fund for CAPSA be created that could supply seed money to be used to strengthen the Centre's finances and capability to undertake new projects; (b) ESCAP allocate a certain percentage of the overhead on project funds obtained by CAPSA to the trust fund for the administration of the Centre; (c) CAPSA reach out to a wider range of the ESCAP membership in seeking voluntary contributions; and (d) CAPSA seek funding from multilateral institutions.
3. The Governing Council also recommends that the Centre develop a business plan that outlines and justifies the minimum annual funding required to effectively manage the Centre and explores alternative sources of funding. The business plan should be shared with the Governing Council members before the next Commission session in order to facilitate lobbying

efforts and advocacy aimed at increasing support for CAPSA among relevant ministries.

4. The Governing Council recommends that CAPSA continue to facilitate South-South cooperation and that such initiatives should focus on identifying best policy options and engaging policymakers in the Asia-Pacific region.

5. The Governing Council recommends that CAPSA continue to evaluate its strategic position vis-à-vis country requirements on the basis of the importance of the agricultural sector in the national economy and to prioritize its work towards countries where its services are most needed.

6. The Governing Council recommends that CAPSA continue to organize capacity-building programmes and to keep member States informed of capacity-building activities to be implemented in 2013.

II. Proceedings

A. Activities and accomplishments of CAPSA since the eighth session of the Governing Council

(Agenda item 2a)

7. The Governing Council had before it the report of the Head of the Centre for the Alleviation of Poverty through Sustainable Agriculture to the Governing Council (E/ESCAP/CAPSA/GC(9)/2, sect. II). The document was introduced by the Head of the Centre.

8. The Governing Council was informed that in 2012, CAPSA had contributed towards promoting sustainable agriculture and food security in member States through the following activities: (a) establishing and expanding the Network for Knowledge Transfer on Sustainable Agricultural Technologies and Improved Market Linkages in South and South-East Asia (SATNET Asia); (b) initiating research on smallholder market engagement; and (c) providing scientists and policymakers with technical cooperation and training activities. The Centre also began working with member States on a demand-driven basis to undertake country-specific studies on smallholder participation in markets and develop appropriate strategies and projects to improve the welfare of smallholders in agriculture.

9. The capacity of National Agricultural Research Systems to undertake agricultural policy analysis was strengthened by providing them with technical assistance and three training workshops that included in-country assistance as well as a regional training. The in-country assistance had focused on enhancing the capacity to use tools for agricultural policy analysis. A regional write shop was offered to enhance the capacity of agricultural research organizations to identify the most compelling findings from their work, and package, present and disseminate those findings. Such capacity would reduce the knowledge gap between research and practice and contribute to accelerating the adoption and adaptation process of innovation in the agricultural sector.

10. Representatives of the following countries made statements: Afghanistan; Cambodia; Fiji; Indonesia; Lao People's Democratic Republic; Malaysia; Pakistan; Papua New Guinea; Philippines; Sri Lanka; and Viet Nam.

11. In addition, statements were made by the representatives of the following regional organizations: Centre on Integrated Rural Development

for Asia and the Pacific (CIRDAP); and Secretariat of the Pacific Community (SPC).

12. The Governing Council commended the excellent progress and achievements of CAPSA in 2012. Several member States noted that the smallholder farming sector was important for economic development, poverty reduction and food security and emphasized the need to raise productivity and market access among smallholders. Several member States noted the importance of capacity-building programmes targeting ministries of agriculture and research institutes in the region and requested that the Centre continue to organize them. The Centre was requested to inform all member States about upcoming training opportunities. It was also urged to conduct scientific evaluations on the impact of agricultural programmes on livelihoods, and to share the results with a broader audience. One country noted the importance of food self-sufficiency while also diversifying diets and suggested that the Centre become involved in an initiative of the Association of Southeast Asian Nations (ASEAN) to support more diverse and healthy diets. Member countries recommended that the Centre identify policy options and table them for discussion in future policy forums and dialogues. It was also recommended that CAPSA evaluate its strategic position vis-à-vis country requirements on the basis of measures, such as national income, and to prioritize its work towards countries where its services were most needed.

B. Administrative and financial status of CAPSA (Agenda item 2b)

13. The Governing Council had before it the report of the Head of the Centre for the Alleviation of Poverty through Sustainable Agriculture to the Governing Council (E/ESCAP/CAPSA/GC(9)/2, sect. III). The document was introduced by the Head of the Centre.

14. The Governing Council was informed that while member countries have commended the work of the Centre, the annual contributions pledged by several member countries to CAPSA had remained static and that actual contributions had declined over the past years (see annex 3). The voluntary contributions received had not been enough to cover operational expenses. To maintain operations, the Centre needed about \$250,000 in annual financial contributions.

15. Representatives of the following member countries made statements: Fiji; Indonesia; Lao People's Democratic Republic; Malaysia; Pakistan; Papua New Guinea; Sri Lanka; Thailand; and Viet Nam.

16. Representatives of the following regional organizations made statements: CIRDAP; Japan International Research Center for Agricultural Sciences (JIRCAS); and SPC.

17. The Governing Council was in agreement to continue to support the work of the Centre and had expressed concern on the limited and stagnant institutional support available to CAPSA. The Governing Council recommended that a collaborative effort be implemented to increase funding for the Centre. The Governing Council also recommended that CAPSA develop a business plan that outlined and justified the minimum annual funding required to effectively manage the Centre. The business plan should be shared with the Governing Council members before the next Commission session to facilitate increasing support to CAPSA through lobbying and advocacy in the relevant ministries. It was agreed that the Centre had

demonstrated its commitment towards performance over the past years and that an external evaluation to support an increase in funding was therefore not required.

18. The host country, Indonesia, as well as Governing Council members representing Fiji, Malaysia, Pakistan, Papua New Guinea and Thailand stated that they would seek support from their respective Governments to increase funding levels to CAPSA. Indonesia, in addition, indicated its commitment to increase in-kind contribution in 2013 through additional support provided through the Ministry of Agriculture. Some member countries indicated their willingness to increase their in-kind support to the Centre, in particular for capacity-building events and workshops, such as travel and meeting costs for participants.

19. The Governing Council recommended that: (a) ESCAP look into a proposal that a trust fund for CAPSA be created that could supply seed money to be used to strengthen the Centre's finances and capability to undertake new projects; (b) ESCAP allocate a certain percentage of the overhead on project funds obtained by the Centre to the trust fund to cover the Centre's administration costs; (c) the Centre reach out to a wider range of the ESCAP membership in search of voluntary contributions; and (d) the Centre also seek funding from multilateral institutions.

C. Network for Knowledge Transfer on Sustainable Agricultural Technologies and Improved Market Linkages in South and South-East Asia

(Agenda item 2c)

20. The Governing Council had before it the report of the Head of the Centre for the Alleviation of Poverty through Sustainable Agriculture to the Governing Council (E/ESCAP/CAPSA/GC(9)/2, sect. V). The document was introduced by the Head of the Centre.

21. The operation of the SATNET Asia Network was funded out of the European Union (EU) Programme (DCI/FOOD/2011/261-086). As the two programmes have similar objectives, the funds for the EU programme contribute not only to the implementation of the Centre's activities but also to its operational costs.

22. Representatives of the following countries made statements: Germany; and Malaysia.

23. In addition, a statement was made by the representative of JIRCAS.

24. The Centre was commended for the progress made in implementing the SATNET Asia project. Some member States expressed their interest in becoming more involved in the programme, especially through sharing available best practices. It was acknowledged that CAPSA had initiated a policy dialogue on technology transfer for smallholder farmers. Member States agreed that such events were useful to them and recommended that the Centre continue to facilitate South-South cooperation. It was also suggested that such initiatives focus on identifying best policy options and engaging policymakers in the Asia-Pacific region.

D. Proposed focus of CAPSA in 2013

(Agenda item 2d)

25. The Governing Council had before it the report of the Head of the Centre for the Alleviation of Poverty through Sustainable Agriculture to the Governing Council (E/ESCAP/CAPSA/GC(9)/2, sect. VI). The document was introduced by the Head of the Centre.

26. The Governing Council was informed that, in 2013, the Centre planned to further strengthen and develop the three thematic areas proposed in its strategic plan for 2011-2020. Under thematic area 1, poverty reduction and food security, it was envisaged that, should funding become available, a regional focus of that work would be South-East Asia, in particular Myanmar. Funds permitting, activities would be directed at reducing poverty through capacity-building on policies for sustainable agricultural development. Case studies would be conducted in target regions to identify needs and major challenges for sustainable agricultural development. In collaboration with policymakers and development partners, capacity-building programmes aimed at addressing the major challenges would be developed. Under thematic area 2, technologies for sustainable agriculture, efforts would be further intensified. Also, during the year, a series of capacity-building events targeting farmers, extension workers, civil society groups, scientists and policymakers would be conducted. That work would be funded through the SATNET Asia project. Under thematic area 3, market access, research would be expanded, funds permitting, to more countries in Asia and the Pacific by using a modelling framework to explain and identify strategic variables and binding constraints that affect the decisions of smallholder farmers to participate in markets. The Centre would continue in its efforts to expand its budget through extra-budgetary resources, and to diversify the donor base by attracting new donors. It planned to continue to work closely with other organizations in the region, including those within the United Nations system, to develop joint programmes and projects.

27. Representatives of the following countries made statements: Fiji; Indonesia; Lao People's Democratic Republic; Malaysia; Thailand; and Viet Nam.

28. The following organizations made statements: CIRDAP; Food and Agricultural Organization of the United Nations (FAO); and SPC.

29. The Governing Council agreed to the workplan presented by CAPSA. Member States expressed a strong interest in collaborating in research activities related to smallholder access to markets and high-value agriculture products. Member countries also expressed their support for the Centre's plans to strengthen its capacity-building programme. One country suggested that CAPSA become involved in an ASEAN-wide initiative to support more diverse and healthy diets. It was also suggested that CAPSA improve its visibility and profile in the Pacific region and that the Centre meet with important stakeholders in that subregion, possibly at events such as SPC-sponsored meetings. Two regional organizations and one international organization expressed their desire to collaborate more closely with CAPSA. ESCAP was invited to nominate CAPSA to become a member of the Technical Committee of CIRDAP as per the Agreement for the Establishment of a Centre on Integrated Rural Development for Asia and the Pacific, Article VII.¹ SPC noted that it served 22 island countries and shared

¹ United Nations, *Treaty Series*, vol. 1138, No. 17852.

a common mandate with CAPSA. In that context, it offered to work closely with CAPSA in developing training programmes and to collaborate with the Centre on research activities. Through its regional office in Bangkok, FAO expressed an interest in working with CAPSA in the following activities: (a) conducting research on declining investment per farmer in agriculture in South Asia; (b) further strengthening linkage between research and extension; and (c) other mutually agreed programmes. The Governing Council recommended that CAPSA keep member States informed of the capacity-building activities planned to be implemented in 2013. Member countries also agreed to inform CAPSA of capacity-building programmes that would be of interest to them to co-host or co-fund.

E. Date and venue of the next Governing Council session

(Agenda item 3a)

30. The Governing Council proposed that its tenth session be held back-to-back with the next session of the Committee on Macroeconomic Policy, Poverty Reduction and Inclusive Development, which is scheduled to take place in Bangkok on 11 and 12 December 2013.

F. Other matters

(Agenda item 3b)

31. No other matters were discussed.

G. Adoption of the report and closing

32. The Governing Council had before it a set of draft recommendations. The recommendations were adopted. The Chair made a closing statement, thanking everybody for their participation, and then declared the session closed.

III. Organization of the session

A. Opening, duration and organization of the session

33. The Governing Council held its ninth session in Bogor, Indonesia, on 14 to 15 February 2013.

34. The Director of the Committee on Macroeconomic Policy, Poverty Reduction and Inclusive Development welcomed the members of the Governing Council. He then asked the Chair of the eighth session of the Governing Council, the representative of Indonesia, as the Chair in-charge to open the meeting.

35. The Chair of the eighth session of the Governing Council thanked all member country representatives and international organizations for their presence. He expressed the commitment of the Government of Indonesia to continue supporting CAPSA.

36. The Deputy Executive Secretary of ESCAP delivered a statement.

37. The Director of the Indonesian Center of Agriculture Socio Economics and Policy Studies delivered a welcome statement on behalf of the Director General of the Indonesian Agency for Agricultural Research and Development of the Ministry of Agriculture.

B. Attendance

38. The session was attended by representatives of the following members of the Governing Council: Afghanistan; Fiji; Indonesia; Malaysia; Pakistan; Papua New Guinea; Philippines; Sri Lanka; and Thailand.

39. Representatives of the following members of the Commission attended as observers: Cambodia; Germany; Lao People's Democratic Republic; and Viet Nam.

40. Representatives of the following United Nations bodies attended: Food and Agriculture Organization of the United Nations (Regional Office for Asia and the Pacific) and the Food and Agriculture Organization of the United Nations in Indonesia.

41. Representatives of the following organizations attended: Centre on Integrated Rural Development for Asia and the Pacific; Japan International Research Center for Agricultural Sciences; and Secretariat of the Pacific Community.

42. Representatives of the secretariat of ESCAP attended the session.

C. Election of officers

43. The Governing Council elected the following officers:

Chair: Ms. Rangsit Poosiripinyo (Thailand)

Vice-Chair: Mr. Teodoro S. Solsoloy (Philippines)

D. Adoption of the agenda

44. The Governing Council adopted the following agenda:

1. Opening of the session:
 - (a) Opening statements;
 - (b) Election of officers;
 - (c) Adoption of the agenda.
2. Report of the Head of the Institute:
 - (a) Activities and accomplishments of CAPSA since the eighth session of the Governing Council;
 - (b) Administrative and financial status of CAPSA;
 - (c) Progress of the Network for Knowledge Transfer on Sustainable Agricultural Technologies and Improved Market Linkages in South and South-East Asia;
 - (d) Proposed focus of work of CAPSA in 2013.
3. Other matters:
 - (a) Date and venue for the next session of the Governing Council;
 - (b) Other matters.
4. Adoption of the report.

Annex I

CAPSA financial statement for the year ended 31 December 2012 (as at 25 January 2013)

(In United States dollars)

<i>Income</i>	
Contributions	354 892
Interest income	6 657
	<u>361 549</u>
<i>Less: Expenditure</i>	
	<u>895 517^a</u>
Net income over expenditure	(533 968)
Fund balance as at 1 January 2012	844 670
Refunds to donors	-
Fund balance as at 31 December 2012	<u>310 702</u>

^a This amount does not include firm commitments (salaries) of approximately \$125,000, which have not yet been recorded in the accounting system.

Annex II

**CAPSA financial statement for the year ended 31 December 2012
by project components**
(as at 25 January 2013)

(In United States dollars)

	Joint contributions capacity development project	EU Project led by CAPSA: Network for Knowledge Transfer on SATNET Asia	United Nations regular programme of technical cooperation (Section 23)	Total
<i>Income</i>				
Contributions	138 592	-	216 300	354 892
Interest income	1 567	5 090	-	6 657
	140 159	5 090	216 300	361 549
Less: Expenditures	190 273	471 618 ^a	233 626	895 517
Net income over expenditures	(50 114)	(466 528)	(17 326)	(533 968)
Fund balance as at 1 January 2012	191 834	652 836 ^b		844 670
Refunds to donors	-	-	-	-
Fund balance as at 31 December 2012	141 720	186 308	(17 326)^c	310 702

^a Expenditures under EU Project for the portion implemented by CAPSA only. Total expenditure for the project is \$522,703.

^b Fund balance as at 1 Jan 2012 under EU Project for the portion implemented by CAPSA only. This also includes total interest income realized under this project. Total fund balance for the project is \$32,678.

^c Fund balance under RPTC cannot be carried forward to the next biennium (2014-2015).

Annex III**Cash contributions received from the host and member countries
for the year ended 31 December 2012**

(as at 25 January 2013)

(In United States dollars)

Country/area	Year ended 31 December 2012	Year ended 31 December 2011
Bangladesh	1 000	1 000
Indonesia	79 622	85 603
Macao, China	3 000	3 000
Malaysia	19 970	-
Philippines	-	10 767
Republic of Korea	20 000	20 000
Sri Lanka	5 000	20 000
Thailand	10 000	-
Total	138 592	140 370