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ISSUE PAPERS

EASYPol Module 061

The Global Policy Environment

A Conceptual Framework

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The Global Policy Environment A Conceptual Framework

by

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for the

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS



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1. SUMMARY

The focus of this paper is on the global decision-making process, which can be seen as the development over time of a pattern of multilateral negotiations resulting in decisions, agreements and commitments which have implications for national policy making. Major socio-political and economic changes during the past decades set that context and had far-reaching effects for policy discourse and process. The surrounding political context influenced the evolution of the policy processes, what it produced and how these outputs were received. Part of this external influence has also affected the endogenous drivers operating in the process.

This paper is an annotated outline for the preparation of a more comprehensive analysis of the development of the international policy environment in the last decades. At this stage it focuses on the illustration of a conceptual framework to identify and analyse the factors influencing the decision making process at the global level. It illustrates the logical and functional linkages between the decision making centres, the targets established, the implementation tools, the executing agencies, and the commitments of the countries. It also provides a preliminary review of each single factor drawing from the consulted literature.

2. INTRODUCTION

Objectives

The main objectives of this paper are to reach a common and shared understanding of the global policy making and the role of the many factors influencing it. This will allow participants to identify and assess challenges and opportunities of the global commitments for the countries. It will finally provide hints on whether and how countries can influence global policy making as well as on the implications of global commitments on national policy making.

Target audience

This module is intended for a wide audience, ranging from policy analysts and decision makers, to development practitioners, training institutions, and media. It is of particular relevance to senior and mid level officials and professional officers in ministries of agriculture, livestock, forestry, rural development, and cooperatives, including line departments and training institutes/units, and NGOs/CBOs. Suitably adapted, it may also be used as reading material in undergraduate courses in development.

Required background

No specific technical background, beyond reasonable language skills, is required for this module. It is anticipated that individuals with a degree in an agricultural or rural development related area, and those with several years of experience in agricultural policy analysis or development planning and implementation, at a mid to senior level position, should have little difficulty in grasping the module's content.

Readers can follow links included in the text to other EASYPol modules or references¹. See also the list of EASYPol links included at the end of this module².

¹ EASYPol hyperlinks are shown in blue, as follows:

- a) training paths are shown in **underlined bold font**
- b) other EASYPol modules or complementary EASYPol materials are in **bold underlined italics**;

3. CONCEPTUAL BACKGROUND

The policy making process is explained in this document as the combination and interaction of various factors concurring in the five main activities of the policy process: i) defining the issues; ii) suggesting the actions; iii) achieving a consensus; iv) implementing the actions; v) monitoring and evaluating the actions. These factors include:

- actors/constituencies/interests
- policy issues
- institutions and organizations
- outputs
- cross-cutting functions (such as information and advocacy, knowledge and capacity building, financing)

Figure 1: The policy making process

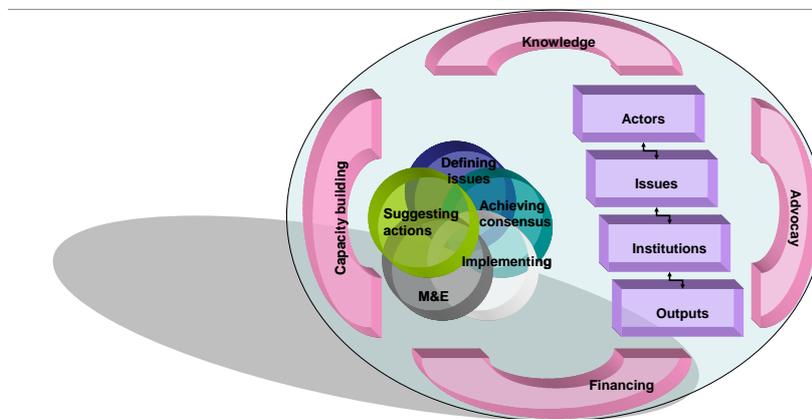


Figure 1 above provides a schematic representation of the policy making and activities and suggests important issues that should be taken into account in the analysis of the policy processes. The chaotic organization of the circles illustrating the various logical phases of the policy process underscores, for example, that policy making is not a coherent, rational and sequential step-by-step process with a beginning, a middle and an end. In other words, the distinct logical phases do not necessarily follow each other through time in any regular or consistent pattern.

Also worth noting is that the factors influencing the policy process (rectangles in Figure 1 above) are subject to continuous changes, which will affect the whole process. For example, a change in the number of actors can affect the type of issues discussed as well as the choice of priorities, the outputs (e.g., declarations, agreements, commitments) and the institutions (e.g., new organizations, institutions can be established as a result of the number and typology of actors).

- c) links to the glossary are in **bold**; and
- d) external links are in *italics*.

² This module is part of the EASYPol Training Path: [Policy Learning Programme, Module 1, Session 2: Conceptual framework to analyse global policy processes.](#)

Changes in the other elements will also be reflected in the whole process. Among the functions, increased access to information and knowledge by the actors will also exert a change in policy by influencing actors' understanding and conceptualization of the issues and by altering the terms of the policy discussions³. But information and knowledge produced by research and studies are not sufficient to ensure the adoption of policy prescriptions.

Persuasion and argumentation are as important and this leads to the crucial role of advocacy in presenting the information on the issues and policies and in making the case for change with those who can actually influence policies and their implementation. Finally, capacity of actors to achieve their goals will influence the outcomes of the policy process.

However, what the exact causes of observed changes and alterations of the process are remain a difficult empirical task which can be attributed to three key elements:

internal factors (within the process);

exogenous factors (outside the process);

driving forces (long term trends of some key social, political or economic indicators).

Box 1: Example of endogenous factor

The increased number of member countries in the WTO, most of which are developing countries, has influenced the debate and negotiation process within the institution towards the needs of the developing world. Another noteworthy example of endogenous change has been the inclusion and increasing role of NGOs in the international policy decision making. Their influence has been extensively highlighted by the world mass media particularly with regard to trade (Seattle) and environmental issues (Rio, Jo'burg).

Box 2: Example of exogenous factors

The energy crisis of the 70's led to a growing concern over the sustainability of economic systems based on scarce fossil fuels and to the widespread acid rains, which was subsequently exacerbated by the Chernobyl nuclear fallout in 1986. These events triggered great developments in the way of alternative energy forms. It was during these years that many new alternative sources we know today were pioneered. For this reason, the crisis was a catalyst for positive change, both in perceptions and in priorities. As a result the environmental and sustainability imperatives were included in the international debate on global policy priorities and led to the Stockholm Conference of 1972 and to the subsequent creation of the United Nations Environment Program (UNEP). Moreover, many countries established national environment authorities.

Box 3: Example of driving forces

A patent example of driving forces influencing the global policy process is given by the technological changes that occurred in the 80s and 90s in the areas of communication, information and computer technologies. The role of knowledge and information in governance at the international level has changed as a result of the Internet. The flow of information has been essential to the creation of global agreements but more importantly, it

³ The issue of the role of information through studies and research in the policy making process is well addressed in Caplan et al. 1975, Weiss 1977a, 1977b, Feldman 1989).

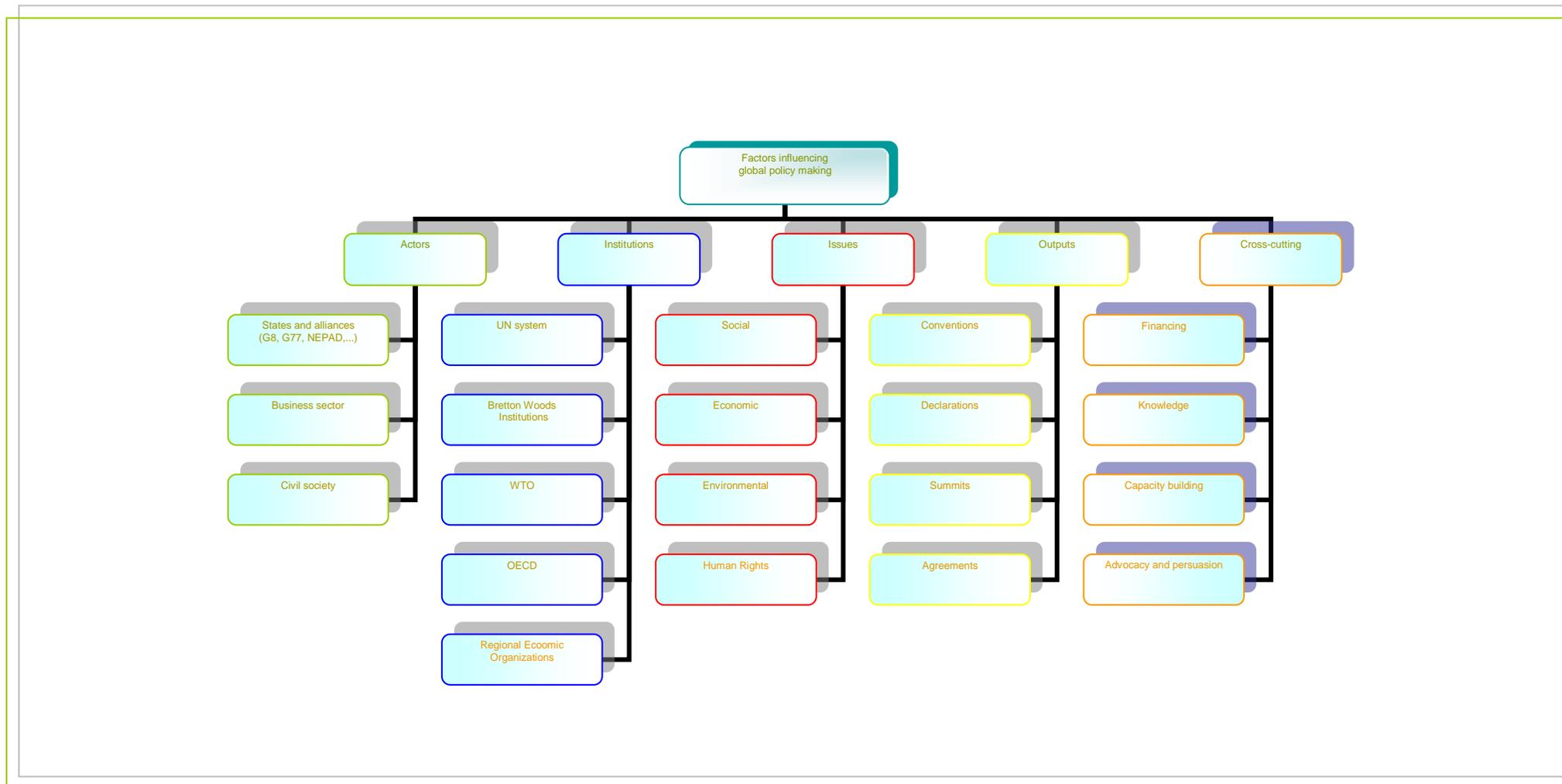
plays a crucial role in the creation of consensus and legitimacy of policy decisions, which require participation by civil society and the private sector, transparency of information and access to information. In turn, information and communications technology have considerably affected the respective influence of key actors because the use of information is not something that is easily controlled by single actors.

It is not the purpose of this document to address the theoretical issues underlying the policy making processes. The readers interested in a more detailed analysis of the policy making models are referred to the fourth module of this training path. Nor is it to provide an exhaustive review of the external factors that have influenced the global policy decision making. Only the endogenous factors will be examined in some details.

The document focuses on the outcomes of the policy processes and analyses the role of the various factors (see Figure 3 below). The following chapters will therefore review the main actors of the policy development process by focusing on three major actors, namely states, private business and civil society (Chapter 4); the institutions involved with particular attention to the international organizations in the context of the UN system (Chapter 5); the major issues at stake (Chapter 6); the outputs of the policy making process with a special focus on the main events, agreements, treaties, declarations (Chapter 7); the implications for the countries are addressed in Chapter 8 using a simple classification of the commitments to achieving global objectives into: binding commitments, conditional commitments and voluntary commitment; the influence exerted by cross-cutting through the issue of financing (Chapter 9). Finally, Chapter 10 addresses the implications of ICT and international financial markets for the agricultural sector.

The review will be based on the analytical framework provided in Figure 2 below.

Figure 2: The conceptual framework



4. THE ACTORS AT THE GLOBAL LEVEL

One of the most significant changes in the multilateral system over the past decades is the increased participation of the business sector and the civil society in global policy making. Interaction between the multilateral institutions and the private sector⁴ is not new. However, over the past decade there has been an increase in the scale and impact of this interaction. Moreover, new forms of cooperation have emerged ranging from global, multi-stakeholder initiatives to operational partnerships in individual countries and communities.

The following sections provide a quick review of the causes of the emerging role of the private sector as opposed to the role of states; they also offer a brief analysis of the causes of the increasing role of the private sector; they raise some fundamental questions as to the implications for global governance of the shift from nation-state multilateralism to multi-stakeholder partnerships; finally they draw some conclusions on the opportunities and challenges of these changes for policy making at the country level in the developing countries.

4.1. From government-led negotiations to global partnerships

International institutions and initiatives which involve civil society and the private sector are not recent (see some examples in Table 1). However, until the 1980s, the role of these actors remains marginal with Governments playing a key role in the international policy making.

The Rio Conference in 1992 can be considered as the turning point in the relationship between the Government and the non-state actors in global policy decision making. The Conference took place in a global political context characterized by the collapse of the centrally planned economies and the emerging paradigm of the primacy of free markets. Within this context, Governments adopted Agenda 21 which for the first time introduces in one of its main parts the concept of “partnership” between Governments, business and industry, including transnational corporations to implement the principles and criteria for sustainable development. Following the Conference, the UN Centre on Transnational Corporations (UNCTC) and the Economic and Social Council (ECOSOC) Commission on Transnational Corporations established, in 1973, to negotiate an internationally binding code of conduct for companies were closed and the multi-stakeholder initiatives gained increasing role in the UN Commission on Sustainable Development (CSD).

From there on a series of initiatives were undertaken by the UN to strengthen the relationship between the UN and the non-state actors (Table 2).

⁴ Definitions of Private Sector, Civil Society, NGOs, Partnerships, see Friedrich-Ebert-Stiftung.

Table 1: Early collaborative initiatives between state and non-state actors

1919	The International Labour Organization (ILO) was formed as a tri-partite multi-stakeholder institution in which employers and trade unions could participate and vote alongside governments.
1945	NGOs, trade unions and business associations (mainly from USA) were represented at the foundation conference of the United Nations in San Francisco and active in influencing Article 71 of the UN Charter regulating the consultative relationships between the ECOSOC and NGOs.
1946	The International Chamber of Commerce (ICC) received consultative status at the UN.
1947	International Organization of Employers (IOE) received consultative status at the UN.
1948	Governments and NGOs founded the World Conservation Union (IUCN).
End of 1940s	Individual companies, though not formally represented in the UN bodies appear as sponsors. The UN building in New York was donated by John D. Rockefeller Jr.
1966	FAO Industry Cooperative Programme was established and existed until 1978.
1971	The Consultative Group of International Agricultural Research (CGIAR) was founded including today 47 governments, 13 international organizations, and 4 private foundations (Ford Foundation, Kellogg Foundation, Rockefeller Foundation and the Syngenta Foundation for Sustainable Agriculture).

Table 2: Milestones of the increasing role of partnerships

1996	ECOSOC adopted a resolution to provide a legal framework for NGO participation in Conferences hosted by the UN.
1998	Launch of the Business Partners for Development with the key role of the World Bank aiming at promoting the concept of multi-stakeholder collaboration between intergovernmental organizations, private business and NGOs. Areas of intervention include Natural Resources, Water and Sanitation, Road Safety, Youth Development.
2000	The Global Compact initiative between the UN and the business sector was launched with the purpose of engaging the companies on a voluntary non-binding basis in pursuing central UN principles in the area of human rights, labour standards, environment and (since 2004) fighting corruption. Particularly important was the emphasis placed by the Secretary General on the support the UN could provide "... in the political arena, to help make the case for and maintain an environment which favours trade and open markets".
2000	Launch of the initiative Public Private Partnerships for Health (IPPH) with the support of the Rockefeller Foundation, the World Bank, and the WHO. The initiative intended to promote partnerships in the health sector. Some examples are the Global Alliance for Vaccines and Immunization (GAVI) created in 1999 and the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria which began in 2002. Financial support was provided by the private sector such as the Bill and Melinda Gates Foundation, NGOs and Governments.

2002	The private sector and NGOs were included in the preparatory phase of the 2002 Monterrey Conference on Financing for Development. For the first time individual companies and not only business associations were given the opportunity to be accredited. This was a precedent which was not supported however by a legal framework comparable to the ECOSOC resolution regulating the consultative relationship with NGOs.
2002	Over 200 partnership initiatives between public and private actors (the so-called Type-2-Outcomes) constituted an integral part of the process of the Johannesburg Summit on Sustainable Development (WSSD)
2004	The Cardoso Panel presented its report entitled "We the peoples: civil society, the United Nations and global governance", which on the request of the SG of the UN was to formulate proposals for the future relationship between the UN and civil society. The report went beyond the relationship with the civil society to focus on the partnerships between governments, civil society and the private sector. One of the recommendations called on the Secretariat to: "... foster multi-constituency processes as new conduits for discussion of the United Nations' priorities, redirecting resources now used for single constituencies forums covering multiple issues". In fact an invitation to redistribute financial resources away from straight NGO forums.
2005	The so-called Helsinki process on Globalization and Democracy published a report stressing that: "Problems of a truly global nature cannot be solved by states alone – solving them requires goal-oriented cooperation between stakeholders".
2005	At the UN World Summit, the Cardoso and Helsinki reports appeared to have no influence. The relationships to non-state actors are mentioned only peripherally in the context of health programmes and research and developments in the areas of health, agriculture, conservation, sustainable use of natural resources and environmental management, energy, forestry and the impact of climate change.
2005	More emphasis is given to partnerships at the Summit on the Information Society in Tunisia, whose programme of action encourages: "... the development of multi-stakeholder processes at the national and international levels to discuss and collaborate on the expansion and diffusion of the Internet as a means to support development efforts to achieve internationally agreed development goals and objectives, including the MDGs".

The recent wave of private sector participation is also characterized by a quantitative increase in joint projects and initiatives, but also by the proliferation of new mechanisms for private sector participation. A recent United Nations report distinguishes between five different forms of cooperation (United Nations 2001):

Policy dialogue. This includes formal and informal participation of the private sector in official intergovernmental deliberations and in institutional governance. It involves a series of different measures ranging in scope and formalities from full participation in a multilateral governing body (for example in the Joint United Nations Programme on HIV/AIDS), participation in commissions, committees, task forces and working groups, to informal consultative mechanisms and global policy networks

Advocacy. Advocacy partnerships are cooperative initiatives between the multilateral organizations and non-state actors to raise public awareness and support for multilateral organizations' goals and programmes.

Mobilizing private funds. This includes cooperative efforts between multilateral organizations and the private sector jointly to mobilize public and private capital for multilateral programmes and development generally. It also includes cooperative initiatives aimed at facilitating private investment, rather than raising it directly (for example the Investment Deliverables Initiative which is a cooperative effort by the International Chamber of Commerce and the United Nations Conference on Trade and Development (UNCTAD)). Furthermore, it includes partnerships to mobilize philanthropic funds⁵.

Information and learning partnerships. This includes joint efforts to share research and learning, (for example the Business Partners for Development programme – a global learning network consisting of some 120 companies, civil society organizations and government agencies – convened by the World Bank in 1998).

Operational delivery. These are partnerships where the private sector plays a role in design, implementation and/or evaluation of projects/programmes on the ground. (Examples here include the Refugee Registration Project, a partnership between UNHCR and Microsoft and its corporate partners to improve information management in refugee crises, and an agreement between UNAIDS and Coca-Cola to channel the company's in-kind assistance in particular with regards to logistics and marketing, to priority activities against AIDS in Africa).

4.2. The causes of the increasing role of the private sector

Various reasons have been put forward to explain the tendency towards increased role of non-state actors in the global policy environment. These include:

- dissatisfaction on the part of Governments, international organizations and NGOs with the agonizingly slow pace of the global negotiation process;
- the lack of will and capacity of many governments to engage in binding financial commitments to achieve global agreements or to translate existing commitments into practice;
- scarce access to external finance by the international organizations;
- over the last two decades, a neo-liberal ideology giving the private sector a core role in development has gained a stronghold in most multilateral organizations.
- increased private sector interest in participating in multilateral organizations' operations, which in turn may be motivated both by a desire to practice philanthropic values, and also to gain access to new business opportunities.

4.3. Challenges and opportunities of the increasing role of the private sector

- (i) The new partnerships were introduced partly as a means of making the multilateral system more efficient. According to the liberal paradigm, the private sector operates in a more goal oriented and effective way. However, the new

⁵ Well known examples of philanthropic contributions include the US\$1 billion donation by Ted Turner to the United Nations, and Bill and Melinda Gates Foundation's US\$750 million grant to the Global Alliance for Vaccination and Immunization .

partnerships have so far created a series of new units. If coordination is not strengthened, this increases the risk of a fragmentation of the institutional structure and duplication of efforts.

- (ii) Over the past years, a number of lessons have been learned about what constitutes “best practice” with regards to development policies. One conclusion is that programming characterized by nationally managed, coordinated investments supported by multiple partners gives the best long term effect on development. The “fund mode” that most of the new partnerships operate under, challenges this “programme mode,” by focusing on quick disbursement linked to results. If not integrated in a coherent framework, they may weaken the coherence and long term thinking of the development efforts.
- (iii) Increased use of partnerships may also result in a distortion of development objectives. The choice of projects to support may be determined largely by where they happen to be private sector partners and hence funding available. There is also a risk that sectors in which there are strong private sector interests (for example health), may be given priority over sectors in which the private sector has fewer stakes (for example education).

5. THE GLOBAL INSTITUTIONS

5.1. The UN System

In accordance with the Charter of the United Nations, the Organization aims to create conditions of stability and well-being which are necessary for peaceful and friendly relations among nations based on respect for the principles of sovereign equality of all its Members, equal rights and self-determination of peoples and at achieving international cooperation in solving international problems of an economic, social, cultural or humanitarian character. The role and functions of the United Nations in international economic and social cooperation, as defined in the Charter and as further elaborated in various international agreements, including in the outcomes of major United Nations conferences, range wide from peacekeeping, human rights and disarmament (UN), through social development (UNICEF), health (WHO), labour (ILO), refugees (UNHCR), food or famine prevention (FAO, IFAD, WFP), to technical assistance (UNDP) and trade (UNCTAD), and many others.

The evolution of the UN in the last half-century has been strongly influenced by two main divides. The east-west divide and the north-south divide. The east-west divide gradually disappeared with the end of the cold war and this has shifted the UN system's core activities in the area of development. This does not mean that regional conflicts do not still abound but the menace of an east-west conflagration that hung over the world from the 1960s to the late 1980s seems to have faded away.

The United Nations constitutes a unique forum for building international consensus on global priorities for which there exists no substitute. Forging consensus and commitments through, *inter alia*, various international conferences, on international

economic, social and related issues is one of the most important functions of the United Nations system.

The United Nations, in cooperation with the Bretton Woods institutions, other bodies of the United Nations system, including its specialized agencies, and the World Trade Organization (WTO), has a key role in fostering greater coherence, complementarity and coordination in economic policy-making at the global level, including, *inter alia*, macroeconomic policy issues, and in ensuring principles of transparency and effective participation and representation, as well as the effective implementation of internationally agreed policies and goals.

5.2. The Bretton Wood Institutions

At the end of World War II the Bretton Woods conference created the World Bank and the International Monetary Fund, and the UNDP was set up and given a mandate to coordinate aid (Disch, 1999:12). The World Bank and the IMF are financed by their member-countries and therefore provide a form of donor coordination. They also sometimes fill a coordinating role at country level, by being the lead donor or by deciding whether a country is on-track or off-track. If the IMF says that the reform process is on track, bilateral donors will be more likely to release money to the government, primarily as budget support.

6. POLICY ISSUES

The empirical evidence of the last 50 years suggests that the policy agenda has been characterized by a relative continuity though with an evolving discourse, institutional context and approach. Certainly, over time, new themes have merged but rarely have entirely replaced older themes. So for example, the notion of poverty reduction has always been at the forefront of development assistance but with different approaches. In the 1950s and 1960s, a modernization through economic growth thesis assumed that transfers of technology and science would integrate poor countries into a broad economic system, the effects of which would 'trickle down' to their own poor. In the 1970s, there was much greater emphasis on 'equitable growth' and the need to combine a micro-level basic human needs approach. The 1980s were dominated by the Washington Consensus and the associated structural adjustment programmes based on deep liberalization and privatization reforms and safety net agenda, with the 1990s witnessing a resurgence of social concerns, allied with the importance of participatory methods and approaches.

In the 2000s the Millennium Declaration, adopted by the 189 heads of State and Government gathered at the United Nations' Headquarters in New York in September 2000, is in fact the outcome of a series of international conferences which served as forerunners to the present global objectives (see Annex1) by adding the important dimension of a global partnership for development and a revived focus on coordination and coherence in development aid. The Millennium Declaration sets a historical precedent, as for the first time, nations committed themselves to a common set of time-bound development objectives, leading to sustainable development and poverty

eradication. These are known as the Millennium Development Goals and consist of the following 8 Goals:

- i. Eradicate Extreme Poverty and Hunger
- ii. Achieve Universal Primary Education
- iii. Promote Gender Equality and Empower Women
- iv. Reduce Child Mortality
- v. Improve Maternal Health
- vi. Combat HIV/AIDS, Malaria and Other Diseases
- vii. Ensure Environmental Sustainability
- viii. Develop a Global Partnership for Development

The following sections provide an example of 4 global issues of particular relevance to agriculture and FAO: hunger and food, agricultural trade, overexploitation of fisheries, technological development in agriculture.

6.1. A social policy issue: The case of hunger and food security

Although global programmes to end hunger can be traced back to FAO's Freedom from Hunger Campaign in 1960, the problem is still on the agenda. In recent years it has received increasing attention (WCED, 1987, pp. 118-146; UNCED, 1992) and the World Food Summit (WFS, 1996) adopted the Rome Declaration of World Food Security which aimed at halving the number of hungry people in 2015, *inter alia*, through ensuring an enabling environment, eradicating poverty and inequality, pursuing participatory and sustainable food policies, ensuring that agricultural and trade policies are conducive to fostering food security, and preventing and preparing for disasters.

This goal was reiterated at the UN Millennium Summit (2000) and the World Summit on Sustainable Development (WSSD, 2002), along with other related goals including reducing by half the number of people living below US\$1 per day, and the proportion of people without access to safe drinking water. In 2002, at the WFS, governments reaffirmed the "right of everyone to have access to safe and nutritious food" but emphasised that food security is the responsibility of national governments and society.

The annual rate of reduction needs to increase from 6-8 to 22 million per year to reach the WSSD goal. This implies reducing the hungry by 2,500 humans per hour. Given that this is a soft law target of the international community it might be useful to understand how some of the related governance systems have worked and whether they are able to, or might exacerbate the hunger problem.

6.2. An economic policy issue: The case of agricultural trade

Trade in food products is regulated through the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO) since 1994 (the Uruguay

Round). The Agreement on Agriculture adopted in 1993 obliges countries to provide minimum access to foreign agricultural products, especially in commodities that are not being exported by them; to convert non-tariff barriers into tariff barriers and to then incrementally reduce these barriers; incrementally reduce subsidies; and, *inter alia*, not increase the degree of protection provided in 1993.

The agreement on the Application of Sanitary and Phytosanitary Measures allows countries to restrict the import of goods if they do not meet certain sanitary and phytosanitary standards. The Trade-Related Intellectual Property Rights (TRIPs) agreement allows the private sector to protect intellectual property in all the member states of the WTO. The Trade-Related Investment Measures (TRIMs) prohibits discrimination between domestic and foreign companies or special treatment for domestic companies and labour. The dominant argument underlying the WTO ideology is that the promotion of free trade will benefit all countries, as each country will sell those products in which it has a comparative advantage and the price of products will go down and there will be global growth.

In connection with the TRIPs, farmers could traditionally access or regenerate seeds. In the second phase of agricultural history (see first section), plant knowledge was seen as a “global commons” and states established gene banks to collect the seeds and data and engaged in *ex situ* conservation (Pistorius and Wijk, 1999, p. 24). The 1983 International Undertaking on Plant Genetic Resources aimed to protect farmers and countries from legal exploitation of genetic resources. The TRIPs agreement (see above) allows private ownership of germ plasm and this has led to multinationals patenting seeds and germ plasm that were formerly freely available. In effect this could mean that if a seed is patented somewhere, farmers who have been using these seeds for centuries now have to pay a transnational corporation for the right to use that seed. TRIPs contradicts the 1992 Biodiversity Convention which also calls for benefit sharing between countries that want to patent genetic material and those that have the genetic material. The dominant underlying neo-liberal argument is that intellectual property rights (IPRs) protect the knowledge of the creator/inventor and this provides an incentive to companies to invest in such creation and invention. Further *ex situ* conservation is more likely to be effective than *in situ* conservation given the low resources in DCs (Pistorius, 1997).

In the mean time, patenting under IPRs is an extremely difficult task, which to some observers can lead to situations of “biopiracy”⁶ The Rural Advancement Foundation International based in Canada has recorded 147 cases of suspected biopiracy (see also WRI, 1993, p. 123; UNDP, 1998, p. 76).

However, falling international market prices led countries to protect themselves by subsidising food production and exports to make them competitive, hoarding the excess and then dumping it on other countries at prices lower than local prices, establishing tariffs to prevent the entry of foreign food stuffs even if they were cheaper, or through escalating tariffs to minimise the entry of processed food stuffs. Richer countries had

⁶ (Shiva, 2001, pp. 5-6). Shiva explains that in the USA, rewards for inventiveness were based on the “myth of ignorance” where prior art and prior use in other countries is ignored in granting patents under the US Patent Act of 1952.

greater resources to undertake such activities. For example, OECD countries provide a daily subsidy of US\$1 billion while India, with one sixth of the world's population, provides this amount annually (Sharma, 2002). OECD domestic food support has increased from US\$182 billion in 1995 to 362 billion in 1998 (Madeley, 2000, p. 45). The EU's Common Agricultural Policy (CAP) has been particularly controversial. In practice, the ICs have been allowed to continue their tariff and tariff escalation (against processed goods) barriers, while DCs have been prohibited from doing so (Madeley, 2000; World Bank, 2001). Trade tariffs cost DCs \$100 billion a year, twice what they receive in aid. Second, the net effect has been a massive increase in food imports in DCs but few exports, leading to unemployment, and hence displacement among farmers (e.g., Sri Lanka) and increases in large landholdings (e.g. Brazil). This might be exacerbated by the effect of TRIMs, which allows foreign companies to set up hotels and import food products, skewing the balance of payment problem (Madeley, 2000, p. 47). Third, some see the phytosanitary standards as "protectionist" measures to keep out the products of the DCs.

6.3. A natural resource policy issue: Over-exploitation of global fishing

Fish provides the primary protein needs of 950 million people and the industry employs 200 million people. 40 per cent is traded in the international market (Dommen and Deere, 1999). Ships have fished in international waters for centuries. The 1982 United Nations Convention on the Law of the Seas (UNCLOS) that entered into force in 1994 limited the national fishing rights to their own exclusive economic zones. Subsequently, many ICs imposed fishing quotas to protect the fish. The EU and others then began to negotiate bilateral fishing agreements to gain access to the fish in foreign waters. Today there are 26 such agreements. These agreements include reciprocal fishing rights when the agreements are with ICs and financial compensation when they are with DCs.

These catches provide 20 per cent of EU fish, Euro 944.5 million of value added per year and employment to 28 000 - 40 650 people, of which more than 84 per cent come from the Southern agreements⁷. While the financial compensation can be quite high as a percentage of their government budget (as high as 30 per cent for Guinea Bissau), this comes at the cost of competition with local and national fleets, loss of employment and price rise so that the fish are unaffordable locally (Weber, 1994). There is also degradation in fisheries biomass, negative impacts on the ecosystem through the removal of primary and secondary production, reduced food security, and *inter alia* social unrest (Onestini and Gutman, 2002, p. 18; Dahou et al., 2002, p. 37). Worse still, such fishing is highly subsidised. In 1997, the EU provided US\$1,434 million to the fishing industry and Japan US\$ 2,946 million (Onestini and Gutman, 2002, p. 10).

6.4. The case of a technological and environmental policy issue: The gene revolution

Agricultural productivity can be increased through the green and more recently the gene revolution. The green revolution involved the use of high yield varieties (HYV) of seeds

⁷ www.eu.int/comm/fisheries/doc.et.publ/factsheets/facts/en/ncn4.1.html printed on 15 May 2002; IFREMER, 1997, p. 19.

and specialised pesticides. The gene revolution refers to genomics, bioinformatics, molecular breeding, diagnostics and the preparation of vaccines to develop transgenic crops that are resistant to herbicides, viruses, insects, fungus, bacteria, nematodes and have increased shelf life. Such developments can ensure that food production keeps up with population growth (World Bank, 2001, p. 181).

However, the green and gene revolution involve actions that may be inappropriate for the regions where they are being applied (e.g. irrigation led to water logging and salinization). Intensification increases the costs of production (e.g. through requiring specialised inputs). Capitalisation leads to the substitution of labour by capital. Concentration leads to the marginalisation of small farmers, environmental pollution, loss of crop diversity and increased vulnerability to sickness and extreme events, possible side effects in health (salmonella poisoning, bovine spongiform encephalopathy (BSE) and potential risks of genetically modified foods), and re-inventing the wheel (e.g. existing rice varieties with Vitamin A content are lost through the green revolution and then re-invented by scientists and sold to DCs (Madeley, 2000; WCED, 1987, p. 87, pp. 118-45; Shiva, 2001; Halweil, 2003)). Critics also point to the perverse promotion of terminator seeds, which prevent regeneration and so new seeds have to be purchased continuously from the producer; by 1999, the development of terminator seeds had become the key objective of the largest global food companies.

6.5. Concluding remarks

The quick and not exhaustive review of agriculture related global policy issues raises a number of questions that are worth considering to eventually improve the modalities and means to address them.

Hunger and Food Security are on the top of the agenda to achieve the Millennium Goals (MDG1) and Environmental and Natural Resources are addressed by MDG 7. This reflects the high and growing concern for these issues in the last decades. In addition there are initiatives to try to address these problems. The World Bank now focuses on poverty abatement programmes. The European Union is slowly reforming the Common Agricultural Policy (EU CAP Reform, 2000). The WTO's 2001 Doha Declaration aims at sustainable development and preventing restrictions and distortions in world agricultural markets and ensuring that unilateral policies are not Food governance and hunger disguised restrictions to trade. Increasingly, the IMF and the Bank are focusing more on poverty reduction rather than stabilisation and growth⁸. The Monterrey Declaration on Financing for Development of March 2000 commits the ICs to increase financial assistance to DCs. Some companies are investing in fair trade schemes like Max Havelaar. The non-state actors are actively putting pressure on the distant water fishing regimes. In recognition of some of the problems, in 1995, some countries adopted the Code of Conduct for Responsible Fisheries, the FAO Compliance Agreement and the Agreement for the Implementation of the Provisions of the UNCLOS relating to the 1995 Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (UNFSA). The World Wide Fund for Nature has also developed a list of principles to govern such exploitation (Martin et al., 2001). Under the Biosafety Convention, countries are allowed to ban the import of GM products if

⁸ World Bank, 2001, p. 195) and on debt relief (www.worldbank.org/hipc).

they wish without providing evidence of safety concerns. The EU patent office struck down the joint patent on the neem tree held by the US and W.R. Grace company in 2000. There is thus some hope that governments will actively engage in the dialogue about when the gene revolution is good for humanity and will set limits on the way intellectual property rights and patents can be acquired and implemented. The UN website also indicates that at least 40 countries are already well on the way to achieving the global hunger related target through domestic policies.

Though all this indicates that more attention is given to the needs of disadvantaged countries, the question remains, whether all the dimensions of these issues are getting the attention they deserve and whether these new initiatives will be effective. The attention certainly depends in part on the influence of the main actors, which according to some observers is still perceived to be in the hands of industrialized countries (Najam et al., 2002). As a result, many developing countries favour self-reliance as a tool for addressing problems (South Commission, 1990, pp. 10-11). Here the problem is whether self-reliance is a practicable alternative to world integration.

7. MAIN OUTPUTS

Outputs of decision making processes at the global level take the form of conventions, summits, declarations and agreements, which result in plan of actions and commitment of the states to achieve agreed objectives and targets. The most recent and key events are reviewed in the following section, while a comprehensive list is available in Annex 1.

7.1. The Earth Summit

This review starts with a Summit that influenced all subsequent UN conferences which examined the relationship between human rights, population, social development, women, human settlements and environmentally sustainable development. The United Nations Conference on Environment and Development also called The Earth Summit took place in Rio de Janeiro Rio in 1992. The Summit was prompted by the publication of *Our Common Future* (1987), the report of the World Commission on Environment and Development, also known as the Brundtland Commission. The report called for strategies to strengthen efforts to promote sustainable and environmentally sound development. It produced two international agreements, two statements of principles and a major action agenda on world wide sustainable development.

More specifically, the five are:

The Rio Declaration on Environment and Development. Its 27 principles define the rights and responsibilities of nations as they pursue human development and well-being. Agenda 21, a blueprint on how to make development socially, economically and environmentally sustainable.

A statement of principles to guide the management, conservation and sustainable development of all types of forests, which are essential to economic development and the maintenance of all forms of life.

Two major international Conventions were negotiated separately from but parallel to preparations for the Earth Summit and were signed by most governments that met at Rio.

The United Nations Framework Convention on Climate Change aimed at stabilizing greenhouse gases in the atmosphere at levels that will not dangerously upset the global climate system. This will require a reduction in our emissions of such gases as carbon dioxide, a by-product of the use of burning fuels for energy.

The Convention on Biological Diversity. This requires that countries adopt ways and means to conserve the variety of living species and ensure that the benefits from using biological diversity are equitably shared.

The conventions on climate change, biodiversity, and desertification have subsequently been brought together in the Millennium Development Goals.

The National Strategies for Sustainable Development (NSSDs) came out of discussions at the first Earth Summit (Rio de Janeiro, 1992). There is no internationally agreed definition, nor official guidance on how to prepare an NSSD. However NSSDs should define the process by which countries will commit to meeting Sustainable Development targets or "Agenda 21" at a national level.

Critics, however, point out that many of the agreements made in Rio have not been realized regarding such fundamental issues as fighting poverty and cleaning up the environment. Other criticisms were that the format of the Summit inhibited the discussion of sustainable development by putting development and environment functions in separate compartments, and uniting trade and development concerns, rather than trade and environment concerns, as would be required if tax, tariff and trade policies were actually to be changed to accommodate environmental concerns.

7.2. The World Food Summit

In 1996, the World Food Summit was called in response to the continued existence of widespread undernutrition and growing concern about the capacity of agriculture to meet future food needs. In 1974, governments attending the World Food Conference proclaimed that "*every man, woman and child has the inalienable right to be free from hunger and malnutrition in order to develop their physical and mental faculties.*" The Conference had set as its goal the eradication of hunger, food insecurity and malnutrition within a decade. For many reasons, among which, failures in policy making and funding, that goal had not been met. During the 27th Session of the FAO Conference in November 1993, Member Nations expressed "deep concern" at the situation and prospects for the future, and stressed that "the world's major problems in food, nutrition and sustainability require immediate action at national and international levels."

In theory the world produces enough food to feed everyone; it is the poorest sectors of societies that do not have the resources to secure their share. According to FAO estimates, world food production would have to increase by more than 75 per cent over the next 30 years to ensure adequate food supplies for a world population expected to reach 8.3 billion by the year 2025.

The Summit intended to provide a forum at the highest political level to address the need for global commitment and action to redress the most basic problem of mankind: food insecurity. It was expected to lead to the adoption of appropriate policies and strategies at international and national levels, as well as a plan of action for implementation by all parties concerned: governments, international institutions, and all sectors of civil society.

The World Food Summit produced two key documents, the Rome Declaration on World Food Security and the World Food Summit Plan of Action. The Rome Declaration calls for the members of the United Nations to work to halve the number of chronically undernourished people on the Earth by the year 2015. The Plan of Action sets a number of targets for government and non-governmental organizations for achieving food security, at the individual, household, national, regional and global levels.

UN and government leaders at the Summit cited a lack of political will and the need for wealthy nations to commit more resources as the primary reasons for the failure to reduce world hunger. According to other organizations instead, the failure was due to an unbridled free trade and privatization policies, and pointed to true land reform, support for local markets, and agro-ecological production practices as key solutions. An important reason for the failure of this goal can also be the lack of understanding of how the global food system works. The food system is characterized by few and big input providers; global trading companies; fast food and other consumer food services; grocery chains; and, vertically integrated production and processing corporations, that decide what people eat, and how it will be produced, packaged, marketed, and above all priced. Until those who want to reform the global food system do not take into account the reality of this power structure, no remedial actions will be figured out.

7.3. The Millennium Summit

Subsequently in 2000, world leaders met in New York for the Millennium Summit. They reached an agreement on some immediate targets, the Millennium Development Goals, to halve extreme poverty in the world by 2015 by tackling both its worst symptoms and its most obstinate causes. Those goals are ambitious, but even if they are achieved the struggle will not be won. There will still be hundreds of millions of people lacking the millennium requirements of human dignity.

The MDGs are certainly worthy and well-intentioned, stating goals that no sane person could really object to. They aim to: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empowerment of women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environment sustainability; and, develop a global partnership for development.

All this was supposed to happen through a combination of more international aid and policy changes within developing countries. The trouble is that the policies that were suggested typically involved more of the free-market-obsessed deregulation that has already created employment stagnation and greater income inequalities in most of the world. But while there have been several critiques of the policy orientation implicit in the entire exercise, there has been relatively little in terms of either assessments on the grounds or presentation of the perceptions of the people who are supposed to be the beneficiaries.

After 5 years (2005), there was a follow-up summit meeting to the United Nations' 2000 Millennium Summit, where the main objectives were to review the progress made towards the commitments articulated in the United Nations Millennium Declaration, and to review the progress made in the implementation of the outcomes and commitments of the major United Nations conferences and summits in the economic, social and related fields. But, the Millennium+5 Summit undoubtedly did not give rise to the decisions necessary for improving international development and strengthening the United Nations institutionally. Yet it would be wrong to suggest that nothing at all came out of the summit. In the outcome document and in the various declarations made in the context of the Summit, governments did make some concrete pledges to which they have to account for. It would, however, be hasty to evaluate these pledges as successes at this stage. For the most part, they are simply political declarations of intent, which governments must implement after the Summit (for example the EU ODA timetable). Some of the decisions seem so vaguely formulated that it is not even clear yet whether the final results of negotiations can be evaluated as positive or not. This is the case, for example, with the creation of the Human Rights Council.

7.4. International Conference on Financing for Development

After a few years since the Millennium declaration, world leaders, finance ministers, the Bretton Woods institutions, heads of private companies and foundations, and NGOs, met in Monterrey (2002) for the United Nations International Conference on Financing for Development.

Issues were addressed that were crucial to the fight against poverty and the transitions to sustainability such as debt relief, commodity prices, and the management of the global economy. They figured out ways to tap private investment, which is a far bigger source of money for development than official development assistance will ever be. Broadly, there is a global deal on the table: developing countries doing more to reform their economies and increase spending on the needs of the poor, while the rich countries support this with trade, aid, investment and debt relief.

Many small and poor countries do not attract investment not because they are badly governed or have unfriendly policies, but simply because they lack the skills, infrastructure and institutions that a successful market economy needs.

The outcome of the conference is the Monterrey Consensus that embraces six areas of Financing for Development: i) mobilizing domestic financial resources for development, ii) mobilizing international resources for development, foreign direct

investment and other private flows, iii) establishing international trade as an engine for development, iv) increasing international financial and technical cooperation for development, v) eliminating external Debt, vi) enhancing the coherence and consistency of the international monetary and financial and trading systems in support of development.

7.5. World Summit on Sustainable Development

In the same year, in Johannesburg, South Africa, The World Summit on Sustainable Development, WSSD, or Earth Summit 2002, took place. It was convened to discuss sustainable development issues affecting the Earth and was organized by the United Nations. WSSD gathered a number of leaders from business and NGOs, 10 years after the first World Summit in Rio de Janeiro, it was therefore also informally nicknamed "Rio+10". The main issues discussed were water and sanitation, energy efficiency, agricultural productivity, health and air pollution, climate change, environment protection and the effects of globalization on developing countries.

The UN originally intended the Johannesburg conference to find ways to carry out Agenda 21 and all its sweeping promises to the people of the poor countries. In December 2001, the United Nations' Secretary General, Kofi Annan, tried to steer the preparations for Johannesburg in that direction with an extensive report noting the many areas in which the world had made little progress toward the Agenda 21 goals or, indeed, had regressed. He called on the Johannesburg conference "*to launch new concrete program initiatives, whose success will require strong political will, practical steps and strong partnerships.*" The great failure of Johannesburg was that it produced few signs of that political will or of practical steps to pursue the promises of Agenda 21. The United States were not present at the summit.

Many were disappointed with the official outcomes of the WSSD, believing that the world has not moved forward in any meaningful way since the 1992 Earth Summit in Rio de Janeiro. In Johannesburg, governments looked at the state of the world today, recognized the immense development and environment problems, acknowledged the need to respond in a stronger way to these challenges, but concluded weakly by ratifying existing efforts and approaches which have been found wanting. The successes of the official summit instead, include decisions on a sanitation target, the recognition of the rights and roles of communities in natural resources management, the promotion of greater corporate responsibility and accountability, the reaffirmation of the principle of access, the incorporation of ethics into the implementation of Agenda 21, the acceptance of the need to de-link economic growth from environmental degradation, and the launching of key initiatives and partnerships on sustainable development.

We can say that our way of life has to change, but how, and how fast? Agenda 21 and what flowed from it can be said to have given us the "what", i.e., what the problem is, what principles must guide our response. Johannesburg gave us the "How", i.e., how to bring about the necessary changes in the states policy; how to use policy and tax incentives to send the right signals to business and industry; and how to offer better choices to individual consumers and producers. In the end, Monterrey told us the ways

to mobilize the resources so desperately needed to achieve the MDGs in developing countries.

7.6. Doha Development Round

In 2001, the World Trade Organization and its Fourth Ministerial Conference in Doha, Qatar, provided the mandate for negotiations on a range of subjects. This time, the negotiations include also those on agriculture and services. The main objective of these negotiations for the agricultural sector was to establish a fair and market-oriented trading system through tools which correct and prevent restrictions and distortions in world agricultural markets. To achieve this goal, world leaders have focused their studies on important issues like trade distorting measures (i.e., export subsidies and domestic supports), sanitary and phytosanitary measures, technical and financial assistance for least-developed countries and efforts to help developing countries participate in setting international standards.

Everything began in November 2001 with the Doha round. This round should have begun at the 3rd Ministerial Conference in Seattle in 1999, and was to be called "The Seattle Round" but severe demonstrations disrupted those meetings, and this Round's start was put off until the meetings took place at the more secure and controllable Doha, Qatar. The intent of the round, according to its proponents, was to make trade rules fairer for developing countries.

Subsequently, in 2003 in Cancun, there was the fifth Ministerial Conference that intended to forge a concrete agreement on the Doha Round objectives. Unfortunately, it collapsed after four days during which the members could not agree on farm subsidies and access to markets. Rich countries' farm subsidies (both the EU's Common Agricultural Policy and the US Government agro-subsidies) became a major sticking point. The developing countries were seen as finally having the confidence to reject a deal that they viewed as unfavourable.

Moreover, the international environment, marked by economic recession and weaker international cooperation, was more favourable to protectionism and unilateralism than a renewed commitment towards reform and multilateral trade rules. To make things worse, the agenda was completely overloaded due to missed negotiation deadlines on all key areas and the push by the European Union, Canada and Japan for the launch of negotiations on the very controversial Singapore issues (Investment, Competition Policy, Transparency in Government Procurement and Trade Facilitation).

Subsequently in Geneva, 2004, a framework agreement was achieved (called the July Framework Agreement) on opening global trade. In particular the agreed framework lays out a map for the future elimination of all forms of export subsidies and for better disciplines on export credits, exporting state trading enterprises and food aid. It also introduces new commitments to discipline trade-distorting farm subsidies, promoting deeper cuts in countries with higher subsidies. Moreover, it commits WTO members to pursue "progressivity" in tariff reductions with a view to achieve substantial improvements in market access while allowing for flexibility in the treatment of sensitive products.

According to the July Framework Agreement, developed countries pledged to slash trade-distorting domestic subsidies by 20% from the first day any Doha Agenda agreement is implemented, on the other side, many researches show that in the case of USA, this commitment is not so efficient. USA, in fact, without changing any reforms, is already under the levels fixed by WTO.

Trade negotiators, in order to make tangible progress before the December 2005 WTO meeting in Hong Kong, and hoping to agree to the deal before 2007 when USA fast-track legislation expires, met in Paris where they discussed about a few issues: France protested on moves to cut subsidies to farmers, while USA, Australia, the EU, Brazil and India failed to agree on issues relating to chicken, beef and rice. Most of the sticking points are small technical issues, making trade negotiators fear that agreement on large politically risky issues will be substantially harder.

The sixth WTO Ministerial Conference took place in Hong Kong, 2005. Trade ministers representing most of the world's governments reached a deal that sets a deadline for eliminating subsidies on agricultural exports by 2013. The final declaration from the talks, which resolved several issues that have stood in the way of a global trade agreement, also requires industrialized countries to open their markets to goods from the world's poorest nations, a goal of the United Nations for many years. The declaration gives fresh impetus for negotiators to try to finish a comprehensive set of global free trade rules by the end of 2006.

Finally, in July 2006 trade ministers met in Geneva. They did not find, unfortunately, an agreement about reducing farming subsidies and lowering import taxes, so continuation of the negotiations will take months to resume.

A major problem with the current agreement on agriculture is that it aims to solve a problem that most ACP (African, Caribbean and Pacific) States do not have. However, developed countries, in particular apply heavy direct and indirect distortions to their domestic agriculture that have significant effects on the world market. Consequently the AoA SDT (special and differential treatment) is couched in terms of moderating the implementation of rules designed to cure this irrelevant problem rather than dealing with the problem that most developing countries do have.

Developing countries are not so interested, also because they cost too much in lost revenues and politically in lost jobs. The growing power of the developing countries in the global trade talks makes it ever harder for the negotiators to ignore these voices.

The major disagreements expressed during the WTO's agriculture negotiations can be also the primary reason why the Doha Round of negotiations is broke down. Within the agriculture talks for example, the current crisis of low cotton prices has consistently been pushed to center stage. The AoA framework seems not provide the means to increase cotton export revenues nearly enough to reserve the catastrophic recent decline. This can happen also because the Doha negotiations does not deal with other relevant issues that remain outside the core AOA framework of market access, export competition and domestic support. For instance, these issues can be also tied to the lack of any international supply or production management mechanism or to the failure to

discipline agricultural export dumping. In conclusion, the collapse of the talks can have major negative repercussions on the world's poor and as regards the achievement of the Millennium Development Goals.

8. COMMITMENTS

As highlighted in the previous chapter all the international events resulted in commitments and programmes or plan of actions to achieve the declared objectives. Most of these commitments consist however of a declaration of principles whose implementation is highly discretionary or voluntary. Others however can be binding and others conditional.

8.1. Example of a binding commitment: the Case of the Kyoto Protocol in Ghana

The issue: Global Climate Change (GCC)

In 2000 a Climate Change Vulnerability and Adaptation assessment was conducted in Ghana based on a thirty-year (1960-1990) climate historical data for: i) water resources; ii) agriculture; iii) coastal zone; and iii) energy.

Regarding the water resources, the assessment revealed that there had been a 1°C temperature rise, an approximately 20% reduction in rainfall, about 30% reduction in runoff, and that a reduction in flows between 15-20% and 30-40% was predicted for 2020 and 2050 respectively in all the basins. Moreover, groundwater recharge was to reduce between 5% and 22% by the year 2020 and 30% and 40% by the year 2050, irrigation water demand was to increase by about 40% and 150% for 2020 and 2050 respectively as against 5% and 17% in the scenario without climate change, hydropower generation could be affected by GCC leading to about 60% reduction in availability of water in all basins by 2020.

Moreover, as in 1996, Ghana was a net greenhouse gas sink (-5,411 Gg according to the Initial National Communication studies) but the overall capacity to serve as a carbon sink reduced by 400% from 1990 to 1996.

In the case of the agricultural sector, the assessment was conducted on maize and millet. It was predicted that the yield of maize would decrease to 6.9% in the 2020 but millet would not be affected by GCC because it is more drought-tolerant and therefore insensitive to temperature rise.

The output: The Kyoto Protocol

The Government of Ghana ratified the Climate Change Convention in 1995 and produced the Initial National Communication in 2000. The country further adopted the Kyoto Protocol in 2002 by resolution in Parliament.

Policy and institutional implications at the national level

Following the participation in the Kyoto Protocol, the Government developed policies to mainstream climate change concerns into the Ghana Poverty Reduction Strategy (GPRS) and established the National Authority for implementation of climate change action plans.

In addition, to offset the potential impact of climate change on agriculture, adaptation strategies were adopted, including the development of drought-tolerant varieties, low input soil and water conservation practices, breeding for and extra early maturing genotypes, low plant population densities, shift in planting dates and changing crop sequences, establishment of efficient irrigation projects, studies on land use options.

8.2. An example of a conditional commitment: The Case of HIPC

Most programmes are conditional upon the implementation of certain policy reforms. The Highly Indebted Poor Countries (HIPC) Initiative launched in 1996, for example, was designed to support policy reforms in the poorer countries that were primarily indebted vis-à-vis official creditors. It implied recognition that the debt problems of these countries were a major hindrance to their faster growth, and that the causes of their debt problems were at least partly systemic in nature. The HIPC Initiative advanced slowly, largely because fulfilling the conditions attached to it was an exercise that frequently exceeded the institutional and administrative capacities of the poorest countries.

According to the Trade and Development Report 2006⁹, “*On a strict definition of conditionality used by Kapur and Webb (2000: 5–7), the number of conditions attached to lending by the Bretton Woods institutions at the end of the 1990s ranged between 15 and 30 for sub-Saharan Africa, and 9 and 43 for other regions. If conditionality is loosely defined, the number increases to between 74 and 165 for sub-Saharan Africa, and between 65 and 130 for the others*”.

It further points out that “*Many observers, both within and outside the Bretton Woods institutions, have questioned the effectiveness of conditionality in preventing policy failures and improving economic performance. Evidence shows that with the proliferation of structural conditions in the 1980s and 1990s, the degree of compliance with the programmes declined*¹⁰. *More importantly, there has been very little correlation between compliance and economic performance*”.

As a result, it is becoming increasingly accepted that the effectiveness of aid requires a national commitment to the reform process. This implies that the conditionality associated with adjustment lending is unlikely to stimulate reforms unless it is in line with the recipient government’s own programme. Where such conditions were considered inimical to the economies of some recipient countries, the reforms were abandoned. Conditionality might be deemed irrelevant because it does not correlate with

⁹ Trade and Development Report 2006, UNCTAD/TDR/2006.

¹⁰ Mussa and Savastano, 1999.

policy reform or aid flows. Moreover, it comes at a cost to recipient countries. Recipient countries that are already resource constrained end up spending a great part of their time satisfying the conditions stipulated by donors.

9. CROSS-CUTTING FACTORS: THE CASE OF FINANCING

During the United Nations World Summit in September 2005, heads of government and state reaffirmed the Monterrey Consensus and welcomed the commitments to substantial increases in Official Development Assistance (ODA), as well as recent efforts and initiatives to enhance the quality of aid and increase its impact. The World Summit Outcome Document stressed the importance of these resources for the achievement of the internationally agreed development goals, including the Millennium Development Goals.

The World Summit recognized that stronger system-wide coherence was necessary for successful implementation, which could be achieved by ensuring that the main horizontal policy themes such as sustainable development, human rights and gender equality, were taken into account in decision-making throughout the United Nations.

In March 2005, a high-level forum of ministers of developed and developing countries responsible for promoting development, and heads of multilateral and bilateral development institutions resolved to take far-reaching and monitorable actions to reform the way (they) deliver and manage aid. That commitment culminated in the adoption of the Paris Declaration on Aid Effectiveness: Ownership, Harmonization, Alignment, Results and Mutual Accountability. The Paris Declaration builds on two prior declarations adopted at the High-Level Forum on Harmonization in Rome in February 2003 and the Marrakech Roundtable on Managing for Development Results in February 2004. These resolutions had derived their impetus from the Monterrey Consensus, adopted by the International Conference on Financing for Development held in Mexico in 2002.

In the Paris Declaration, donor and partner countries committed to undertake the necessary reforms to facilitate increased ODA. The Declaration puts into motion dynamic processes in donor and recipient countries that are likely to have an impact on the provision, reception and utilization of development assistance. It provides a strong set of partnership commitments and sets up an accountability process and mechanism designed to encourage both donors and partner countries to change their funding and programming behaviour. The guiding principles of the Paris Declaration are as follows:

Ownership: partner countries exercise effective leadership over their development policies and strategies and co-ordinate development actions.
Alignment: donors base their overall support on partner countries national development strategies, institutions and procedures.

Harmonization: donors actions are more harmonized, transparent and collectively effective.

Managing for results: managing resources and improving decision-making for results.

Mutual accountability: donors and partners are accountable (to each other) for development results.

Through this agenda, donors are giving greater weight to what partners think and do. Their focus is shifting from donor action to the priorities of the partner countries. By harmonizing their actions, for example through more joint analytical work, donors commit themselves to reducing the transaction costs on partners and to make aid more predictable, thus improving both management and results. The focus is now on mutual accountability.

In this context, partner countries have committed themselves, *inter alia*, to set clear development priorities and undertake policy and institutional reforms; to increase results and be more accountable to their constituencies; to promote macroeconomic stability, including economic liberalization and a more equitable distribution of income and wealth. Such processes are expected to be transparent and involve wide consultations to ensure broad public support. To ensure that increased aid flows benefit those most in need, reforms are needed to strengthen management processes of public expenditure, so that spending is directed effectively at key development priorities with proper accounting, reporting and auditing. Furthermore, partner countries are expected to develop policy frameworks that encourage domestic and foreign private sector investment, and take other necessary action to promote domestic saving and investment.

By adopting the Monterrey Consensus at the International Conference on Financing for Development, (Mexico, 18-22 March 2002), heads of state and government from developed and developing countries resolved to address the challenges of financing for development around the world, particularly in developing countries. They agreed to mobilize financial resources and achieve the national and international economic conditions needed to fulfil the internationally agreed development goals, including those contained in the Millennium Declaration.

The Monterrey Consensus set out ways and means of mobilizing funds from private and public, as well as from national and international sources. Trade and investment were for the first time considered crucial elements for development financing. However, many of the developing countries are only marginally integrated in the world trade system; for them, an increased level of official development assistance (ODA) is indispensable.

The Monterrey Consensus recognized that a substantial increase in development assistance and other resources was required, if developing countries were to achieve internationally agreed development goals. It stated that an additional amount of some US\$50 billion in ODA was needed, to halve the number of people living in absolute poverty (as requested by the Millennium Declaration). For the Member States of the European Union (EU) for example, this translated into a commitment to reach an average development assistance of 0.39 per cent of the EU's Gross National Income by 2006. This was seen as a concrete step towards achieving the 0.7% target set by the United Nations. The European Union's decision would increase the annual amount of the EU's ODA from US\$25 billion in 2002 to US\$32 billion in 2006. If fully delivered, annual ODA spending from the EU will be US\$38 billion higher in real terms in 2010 than in 2004 (and will rise by a further US\$28 billion between 2010 and 2015).

Goal 8 of the MDGs on “A partnership for development” also addresses ODA and proposes to monitor the provision of ODA by donor countries on the basis of the following indicators: the total ODA to all developing countries as a percentage of donors’ national income, the ODA to least developed countries as a percentage of donors’ national income, the share of ODA that is allocated to basic social services and the share of ODA that is untied.

According to OECD, the share of bilateral aid directed towards these basic social services has risen regularly since 1996-97 from 8.8 per cent to almost 17 per cent in 2002-03. About half of the assistance going to basic education, health, and water and sanitation targeted gender specific concerns in some way. A tenth was for the main purpose of promoting gender equality. However, it is not clear if this trend will be maintained in view of competing priorities.

An OECD-DAC simulation of DAC members Net ODA volumes estimates that Net ODA will amount to US\$128 billion per year by 2010, an increase of 61% from 2004 figure of US\$79.5 billion. The injection of such large aid flows raises the issue of how well partner countries could absorb the resources, as well as their capacities to utilize such funds not only effectively and efficiently, but also appropriately.

Box 4: An Example of New Aid Modalities Instruments

Sector-Wide Approach¹¹ (SWAps)

SWAps are an important element of the international effort to harmonize and align development assistance around national policies and strategies. Although work on SWAps has been going on for more than a decade, sector programmes have recently gained greater prominence as donors have become increasingly interested in direct budget or sector support.

While they have to be properly embedded within overall development plans and budgets, the importance of SWAps lies in providing a forum for negotiating key policy issues and harmonizing procedures with a growing number of stakeholders active in each sector.

Common components or elements of (SWAp) include:

- ✦ a clear sector policy and strategy, informed by quantitative and qualitative information relevant to the sector
- ✦ a formalized government-led process for development partners at sector-level
- ✦ a sectoral medium-term expenditure programme and annual budget that clarifies the expected level of available internal and external resources and how these resources will be used in pursuit of sector policy
- ✦ a performance monitoring system that measures progress towards the achievement of policy objectives and targeted results
- ✦ an effective funding mechanisms that provides flexible and predictable funding in support of sector policies. However, a SWAp is not synonymous with pooled financing.
- ✦ an agreed process for moving towards harmonized systems for reporting, budgeting, financial management and procurement
- ✦ an agreed process concerning involvement of private providers (for-profit and non-for-profit), contracting out where relevant and decentralising service provision
- ✦ a client consultation mechanism
- ✦ an agreed process and timeline for jointly reviewing the outcomes from the performance monitoring system, progress in the sector and the role each stakeholder has taken in this process.

In reality, few SWAps include all sectoral activities and expenditures, and none include all development partners. Often they start with a restricted scope, such as primary-level services or development expenditures only, and expand over time. Moreover, some components may be well advanced, while others could be in their infancy. The key point is that a SWAp is always a dynamic process (i.e. an approach as the name implies) rather than an end point.

Direct Budget Support

The channelling of donor funds to a partners government using its own allocation, procurement and accounting systems. The transfer is “direct” in the sense that it is provided as foreign exchange to government (concretely the Central Bank.), with no controls over the process of conversion into local currency. Within this overall definition, General Budget Support covers financial assistance as a contribution to the overall budget. Within this category funds may be nominally accounted for against certain sectors but there is no formal limitation on where funds may actually be spent. Sector Budget Support covers financial aid earmarked to a discrete sector or sectors with any conditionality relating to these sectors.

Medium-Term Expenditure Framework (MTEF)

An MTEF is a system for planning actions and programming spending over a 3 to 5 year period. It reconciles systematically the achievement of strategic objectives with respect for aggregate resource limits. In some countries, the whole budget process is managed through an “MTEF” system; in others, it is limited to specific sectors and acts only as a broad guide to spending decisions. A sectoral medium-term expenditure framework must have four minimum characteristics: (i) it must be comprehensive in the sense of including all sources of financing to the sector and all proposed spending; (ii) It must be realistic so that projections of financing are not over-estimated and projections of costs are not under-estimated, (iii) It must be clear about how resources will be utilised and what are the desired results to be monitored, meaning that it must derive from a clear action plan; and (iv) It must be endorsed at senior political level.

¹¹ See Module 3: [Investment and Resource Mobilization Sector Wide Approaches](#) , Session 6 on SWAps

10. EXOGENOUS FACTORS: THE CASE OF GLOBALIZATION

Globalization and its implications for agriculture, rural development and food security is analysed through two dimensions: Information and Communication Technology (ICT), and Financial markets.

10.3. Information and Communication Technology

Advances in information, communication and transportation technology have given goods, services, and capital unprecedented mobility. They have modified production functions by increasing the contribution of the immaterial production factors in the production process, i.e., technological knowledge, investment decision making, process management and marketing. Geographical fragmentation of agricultural value chain based on the comparative advantages at each single stage of the chain is one of the major outcomes of this trend. Integration both horizontal and vertical of international agri-business companies has also resulted from the globalization of ICT. Finally access to advanced technologies, such as biotechnology, has increased.

Technology has now created the possibility and even the likelihood of a global culture. The Internet, fax machines, satellites, and cable TV are sweeping away cultural boundaries. Global entertainment companies shape the perceptions and dreams of ordinary citizens, wherever they live. This spread of values, norms, and culture tends to promote new consumption patterns, mainly of the Western type.

How do ICT changes affect national agricultural production patterns? Are developing countries equipped to cope with these changes?

Will local consumption patterns inevitably fall victim to this global "consumer" culture?

10.4. Financial markets

Three decades ago, a manufacturer building a new factory would probably have been restricted to borrowing from a domestic bank. Today it has many more options to choose from. It can shop around the world for a loan with a lower interest rate and borrow in foreign currency if foreign-currency loans offer more attractive terms than domestic-currency loans; it can issue stocks or bonds in either domestic or international capital markets; and it can choose from a variety of financial products designed to help it hedge against possible risks. It can even sell equity to a foreign company.

Greater interdependence among States has accelerated the international transmission of macroeconomic policy decisions and therefore their effects throughout the global economy. This is particularly true for the development prospects of developing countries, which have been particularly affected by globalization.

Global financial integration presents new challenges and opportunities for the international community. Sound domestic macroeconomic policies of each country in regard to promoting macroeconomic stability and growth are primary elements for determining private capital flows and the coordination of macroeconomic policies, where appropriate, and a favourable international economic environment play an

important role in reinforcing their effectiveness. The globalization of financial markets can generate new risks of instability, including interest rate and exchange rate fluctuations and volatile short-term capital flows, which require all countries to pursue sound economic policies and to recognize the external economic impact of their domestic policies. There is a need for the expansion of private capital flows and for broader access by all developing countries to these flows, and therefore the need for the international community to assist low-income countries, especially those in Africa, in their efforts to create an enabling environment necessary to attract such flows.

But the issue remains of whether financial markets are really accessible by developing countries farmers and to what extent do and can the agricultural sector and rural people benefit from the increased availability and access to financial capital.

11. READERS' NOTES

11.1. EASYPol links

This module belongs to a set of modules which are part of the EASYPol resource package [FAO Policy Learning Programme – Module 1: The Policy Framework - The Global Policy Environment](#)

12. REFERENCES AND FURTHER READINGS

Trade and Development Report 2006, UNCTAD/TDR/2006,
[http://www.unctad.org/en/docs/tdr2006_en.pdf]

Mussa, M. and Savastano, M., 1999. The IMF Approach to Economic Stabilization. In: Bernanke, B., Rotemberg, J., (Ed.), *NBER Macroeconomics Annual 1999*. Cambridge, MA, MIT Press.

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Shiva, V., 2001, pp. 5-6). Shiva explains that in the USA, rewards for inventiveness were based on the “myth of ignorance” where prior art and prior use in other countries is ignored in granting patents under the US Patent Act of 1952

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ANNEX 1: CONVENTIONS OF THE UN SYSTEM

A-1.1 Conventions and Declarations

1. Universal Declaration of Human Rights (1948)
2. International Convention on the Elimination of All Forms of Racial Discrimination (1965)
3. International Covenant on Economic, Social & Cultural Rights (1966)
4. International Covenant on Civil and Political Rights (1966)
5. Convention on the Elimination of All Forms of Discrimination Against Women (1979)
6. Declaration on the Elimination of Violence Against Women (General Assembly Resolution 48/104 of 20 December 1993)
7. Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1984)
8. Convention on the Rights of the Child (1989)
9. Declaration on the Right to Development (1986)
10. Convention on Biological Diversity (1992)
11. UN Convention to Combat Desertification (1994)
12. UN Framework Convention on Climate Change (1992)
13. Indigenous and Tribal Peoples Convention (1989) (or in cases when this has not been ratified, the Indigenous and Tribal Populations Convention of 1957).
14. Convention (1951) and Protocol (1967) relating to the Status of Refugees
15. Single Convention on Narcotic Drugs (1961)
16. Convention on Psychotropic Substances (1971)
17. United Nations Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
18. United Nations Convention Against Transnational Organized Crime and its Protocols (2000)
19. United Nations Convention against Corruption (2003)
20. Forced Labour Convention (No. 29) (1930)
21. Freedom of Association and Protection of the Right to Organize Convention (No. 87) (1948)
22. Right to Organize and Collective Bargaining Convention (No. 98) (1949)
23. Equal Remuneration Convention (No. 100) (1951)
24. Abolition of Forced Labour Convention (No. 105) (1957)
25. Discrimination (Employment and Occupation) Convention (No. 111) (1958)
26. Minimum Age Convention (No. 138) (1973)
27. Declaration on Fundamental Principles and Rights at Work and its Follow-up (1998)
28. Worst Forms of Child Labour Convention (No. 182) (1999)

A-1.2 International Conferences

29. World Summit for Children – New York 1990
30. World Conference on Environment and Development - RIO 1992
31. International Conference on Nutrition – Rome 1992
32. World Conference on Human Rights – Vienna 1993
33. International Conference on Population and Development - Cairo 1994
34. World Summit for Social Development – Copenhagen 1995

35. Fourth World Conference on Women (FWCW) - Beijing 1995
36. Ninth Congress on the Prevention of Crime and Treatment of Offenders (UNCPCTO) – Cairo 1995
37. Second UN Conference on Human Settlements – Istanbul 1996
38. World Food Summit – Rome 1996
39. Ninth Session of the United Nations Conference on Trade and Development (UNCTAD IX) – Medrand 1996
40. Amsterdam and Oslo Conferences on Child Labour (1997)
41. General Assembly Twentieth Special Session on the World Drug Problem (GAD) – New York 1998
42. World Conference on Education For All - Dakar 2000
43. World Conference for Women (Beijing +5, 2000)
44. Tenth United Nations Congress on Crime Prevention and Criminal Justice
45. Millennium Summit – New York 2000
46. UN Special Session on HIV/AIDS – New York 2001
47. World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance – Durban 2001
48. Yokohama Conference on the Commercial Sexual Exploitation of Children - 2001
49. Istanbul+5: Reviewing and Appraising Progress Five Years After Habitat II – New York 2001
50. International Conference on Financing for Development – Monterrey 2002
51. UN Special Session on Children – New York 2002
52. World Food Summit: Five Years Later - Rome 2002
53. The World Summit on Sustainable Development – Johannesburg 2002
54. The World Summit on the Information Society, First Phase: Geneva, 10-12 December 2003