



United Nations Conference on Trade and Development

Distr.: General
18 January 2010

Original: English

Trade and Development Board
Investment, Enterprise and Development Commission
Multi-year Expert Meeting on International Cooperation:
South–South Cooperation and Regional Integration
 Second session
 Geneva, 14–16 December 2009

Report of the Multi-year Expert Meeting on International Cooperation: South–South Cooperation and Regional Integration on its second session

Held at the Palais des Nations, Geneva, from 14 to 16 December 2009

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I. Chair's summary

A. Opening statements

1. The second session of the Multi-year Expert Meeting on International Cooperation: South–South Cooperation and Regional Integration, which focused on South–South and triangular cooperation for sustainable agriculture development and food security in developing countries, took place shortly after the signing of new Global System of Trade Preferences (GSTP) modalities to reduce tariffs among a group of developing countries, and also shortly after the High-Level United Nations Conference on South–South Cooperation in Nairobi. In his opening remarks, the Secretary-General of UNCTAD, Mr. Supachai Panitchpakdi, suggested that both events were indicative of shifting international economic and political relations and were an acknowledgement that development challenges, both old and new, required a renewed emphasis on cooperation among developing countries. Two keynote speakers, Mr. Johannes Spies, Director, Directorate of Economic Affairs and Regional Organizations, Ministry of Foreign Affairs, South Africa, and Ms. América Bastidas Castañada, Vice-Minister for International Cooperation, Ministry of Planning and Development, Dominican Republic, gave further illustrations of this shift, with reference to the closer collaboration on a range of economic and political issues between India, Brazil and South Africa through the IBSA Dialogue Forum, and to new forms of horizontal cooperation emerging among smaller developing countries such as the Dominican Republic. In light of the food crisis of 2008 and the rising number of undernourished people in the developing world, which is now estimated at over 1 billion, food security was seen as a critical global challenge where enhanced South–South and triangular cooperation could play a critical role. Mr. Jean Feyder of Luxembourg (President of UNCTAD's Trade and Development Board and Chair of this expert meeting) noted in his remarks that support for agriculture – possibly more than for any other sector – had the potential to rapidly raise productivity and help alleviate poverty in many developing countries.

B. From crisis to security: the role of international cooperation in bolstering sustainable agriculture

2. Experts highlighted the complexity of the challenges facing the agricultural sector, the need to break with business-as-usual policies, the importance of building a more integrated policy approach to address multiple threats to food security, and the search for a more balanced international trade and financial environment. There was broad agreement that the immediate challenges caused by high food prices in 2008 could not be addressed independently of a series of longer-standing structural challenges which had held back agricultural productivity and had been neglected by domestic policymakers and the international community. Among other things, these factors included persistent underinvestment (both public and private), the rollback of state institutions leading to a hiatus in agricultural support services, insufficient research and development, and the lopsided and distortionary influence of governments, farmers and multinational firms from advanced economies in the agricultural supply chain. The experts were in broad agreement that the international trading and financial system was not providing a supportive environment to address these challenges, although opinions differed as to the value and likely consequences of the current negotiations and ongoing reform efforts at the multilateral level.

3. There was general agreement that increasing the productivity of small-scale farmers, who make up the bulk of producers in the developing world, was key to food security,

particularly in the least developed countries (LDCs). Those farmers had been the most adversely affected by the neglect of the sector in recent years and remained the most vulnerable to economic shocks, whether man-made or natural. However, experts also insisted that food insecurity did not arise solely from the supply side. Insufficient income in vulnerable countries and communities, both rural and urban, was an important part of the problem. A comprehensive developmental approach was therefore required to tackle the challenge of global hunger.

4. There was also general agreement that the withdrawal of the state from the agricultural sector had often been premature, and that bringing it back, without repeating past mistakes, was an urgent challenge. The case of marketing boards was noted. These had become inefficient and corrupted in many countries, but their closure in the absence of alternative support mechanisms, together with a misplaced faith in the delivery capacity of markets, had exaggerated the institutional hiatus facing farmers, particularly smaller-scale ones.

5. In rethinking economic strategy for the sector, the experts agreed that it would be important not to adopt a one-size-fits-all approach to policy design, particularly at the international level where the scaling-up of support was an urgent priority. A number of experts emphasized the importance of a partnership approach to strengthening the sector, including between public and private actors. The transfer of lessons and advice through South–South and triangular cooperation was seen as particularly important for building a more supportive international environment.

6. The emphasis given to these various factors differed among the experts, as did their understanding of a desirable policy mix; in particular, to what extent the agricultural sector should concentrate on the domestic market, and to what extent it should produce for export. Consequently, while there was general agreement that greater policy space was needed to fashion effective strategies for the sector, how that space could best be used to balance the interests of smaller-scale farmers, particularly those producing for the local market, and those of larger-scale producers, often producing for export, remained a contentious issue.

C. Strengthening sustainable productivity in agriculture through South–South cooperation

7. It was suggested by some experts that radical changes would be needed in the way food was grown and consumed in order to prevent the growth in the global population from leading to social breakdown and environmental collapse. The required changes would need to address serious market failures under the current agricultural system whereby the costs of negative environmental and social externalities are carried by society at large, and not by private actors causing them. It was suggested that a new model centred on sustainable agriculture and including organic agriculture was needed to meet food security needs while maintaining environmental and social goals. Increased awareness and support, including through South–South and triangular cooperation, was seen as having an important role to play in moving away from business-as-usual models in the agricultural sector.

8. Organic agriculture was seen as a possible model for meeting potentially conflicting goals. This approach brings together traditional knowledge, technological innovation and cutting-edge scientific practices to build soil fertility and produce diverse crops while preserving the environment. Active agro-ecosystem management utilizes methods such as crop rotation, intercropping, natural pest control, and composting, as opposed to relying on external inputs such as synthetic agrochemicals. It was suggested that such agriculture could offer a wide range of economic benefits for developing countries in terms of higher and more secure incomes. Organic farmers generally earn more than their conventional

counterparts, while production costs are often lower due to diminished use of costly inputs such as agrochemicals and protected plant varieties, many of which are imported. Increased yields have been registered; they can be much higher compared to traditional agriculture, roughly equal to high-intensity conventional systems, and are more likely to be sustainable in the long term, as organic agriculture builds underlying human, social, natural, financial and physical capital. Organic farmers generally receive better and more stable prices for their products. International markets have been growing particularly rapidly in recent decades, at rates of over 15 per cent a year. The market for certified organic products has nearly tripled in the past three years, approaching \$60 billion in 2009.

9. It was further suggested that organic agriculture caused less pollution, built soil fertility and resilience to climate stress and change, increased water retention in the soil, decreased soil erosion, enhanced biodiversity, mitigated climate change and reduced energy consumption. In addition, organic agriculture was associated with improved health conditions (deaths and illness due to pesticide exposure are eliminated). It was stated that organic agriculture kept traditional knowledge and varieties alive and growing, and that it revitalized rural communities. These advantages were illustrated with particular reference to organic farming in Uganda. However, some experts were concerned that consumers often paid higher prices for certified organic products, albeit with variations across products and countries, while recognizing that the prices for conventionally produced agricultural products did not reflect their full costs.

10. The experts suggested that changing mindsets and models would require concerted efforts at all levels. At the national level, public- and private-sector stakeholders needed more information about sustainable agriculture. Governments should create, at least, a level playing field for organic operators, recognizing that a subsidy for agro-industrial production is an implicit tax on the organic sector. Governments should set sustainable agriculture as a priority and allocate resources to it, including in terms of extension and capacity-building; research responding to the needs of organic producers, processors and traders (at present, less than 1 per cent of agricultural research is on sustainable agriculture); and market development. Governments should also take steps to ensure that private-sector standards, such as GlobalGAP- or NGO-driven anti-food miles sentiments, do not too negatively affect the market entry into their countries of organic products from developing countries.

11. To date, South-South cooperation in sustainable agriculture has been limited, and it has mostly been facilitated by the private sector, civil society and international agencies. However, it offers huge potential for increasing productivity through – among others things – the exchange of experiences, information-sharing, and research and technology transfer among developing countries.

12. Regional economic partnership agreements could provide further opportunities. In the Common Market of the South (MERCOSUR), for example, there has been a region-wide approach to supporting the development of sustainable agriculture, with a focus on smallholder production. Benin, Bhutan and Costa Rica have successfully cooperated in the development of sustainable and competitive organic supply chains by means of knowledge- and experience-sharing with an emphasis on the commercial capacities of farmer organizations: quality control, building productive capacities etc. The Organic Research Centre Alliance project, proposed by the Food and Agriculture Organization of the United Nations (FAO), aims to facilitate South-South and triangular cooperation in organic research. The recently launched Network for Organic Agriculture Research in Africa helps researchers to share results and collaborate on goal-setting. Both initiatives need further funding and triangular institutional support.

13. The experts were in broad agreement that investment in research and development could generate large returns for the agricultural sector. While such investments needed to be tailored to local conditions, there were lessons to be learned from success stories. Brazil

was one such example. In the early 1970s, Brazil had struggled with a low-productivity agricultural sector, intermittent food crises and extensive rural poverty. It had subsequently developed an integrated economic, technological and social strategy that had transformed that situation. A national system of agricultural research at the federal and the local level had been a key ingredient in that success. Well-funded public research institutions such as the Brazilian Agricultural Research Corporation (Embrapa) had had a big impact on raising productivity in crops, both for the domestic and the overseas market and for large-scale and smaller-scale producers. Brazil was now increasingly reaching out to cooperate with other countries, particularly with other developing countries.

14. Embrapa currently employs over 8,000 people, including 2,113 highly trained researchers, and carries out international cooperation activities with 56 countries. Through a network of research and service centres, Embrapa has been successful in building technological capacity in the agricultural sector, and raising productivity and lowering costs in Brazilian agriculture, for example through its research and development of nitrogen fixation. In recent years, Embrapa has extended its South–South cooperation from the Latin American region to Africa, where it is focusing its efforts on long-term structural projects, including through the transfer of technology and to promote food, fibre and energy security. However, some of its technological breakthroughs are protected and cannot therefore be easily shared with other countries. The ways in which intellectual property rights can act as a potential barrier to South–South cooperation in agriculture need to be further explored.

15. Given the key role played by women, particularly in small-scale agricultural production, experts also stressed the gender dimension of South–South and triangular cooperation. This was illustrated by the example of the coffee network sponsored by the International Trade Centre. The initiative for the first African Organic Conference in May 2009 and the Organic Asia Conference in October 2008 came from the organic sector in the regions concerned, but these conferences would not have been possible without triangular cooperation and donor support from countries such as Austria, the Netherlands, Norway and Sweden. It was recognized that such projects needed further support.

D. Leveraging opportunities for South–South trade in agriculture

16. Experts agreed that there were strong economic reasons for promoting South–South agricultural trade as a source of new and dynamically growing export markets, and as a means of accessing additional capital and technology. Developing countries could further leverage opportunities in South–South agricultural trade with a more flexible multilateral trading environment, stronger international and regional financing mechanisms tailored to the needs of the sector, and cooperation in regional and interregional trade logistics.

17. Import surges, particularly of staple foods such as cereals, along with growing food-import dependence, have pointed to underlying structural weaknesses in the sector. In 2006, 36 out of 50 LDCs were net food-importing countries, and their food import bill had increased sharply since 2000. The majority of LDCs were now using over half of their export earnings to cover food imports. These weaknesses reflected a persistent failure since the promotion of structural adjustment programmes to support the building of productive capacities; along with a dismantling of institutional support services; the premature exposure of small-scale farmers, through a rapid reduction or elimination of tariffs and quotas, to competition from large multinational suppliers; and food “dumping” by a number of developed countries because of excessive support to their farmers.

18. In this context, the limitations of the current multilateral trading system were raised. Experts expressed their concern that in the ongoing World Trade Organization (WTO) Doha Round negotiations, the “modality” as it stands would fail to provide the solution to the challenges faced by small-scale and resource-poor subsistence farmers in developing

countries, particularly in net food-importing countries. Greater flexibilities to protect their already vulnerable agricultural production were needed, including through a full and tailored use of “policy space”. Experts pointed to an ongoing reluctance to accept the value and legitimacy of this concept. There was a consensus that raising protectionist barriers was not a sustainable long-term solution, and that it could aggravate inefficiencies in the sector.

19. Experts recognized that while more trade did not translate automatically into greater food security, an export-oriented trade policy could be part of an appropriate strategy to the extent that it helped to boost the agricultural productivity of small-scale producers. Any export promotion policy should, however, be focused not only on increasing export volume, but also on improving product quality and diversification. In this respect, international rules were needed to prevent arbitrary application of product standards, regulations and specifications, which were being continually revised to the detriment of developing-country exporters. Regional markets could provide important opportunities to expand market opportunities and to develop appropriate standards. Experts were concerned that recent free trade agreements involving developed and developing countries could undermine such efforts.

20. The financing of South–South trade in general, and agricultural trade in particular, has emerged as a key constraint on scaling up such trading opportunities. Efforts to promote South–South trade can face a vicious circle whereby restricted access to international commercial banks, along with the decline in multilateral funding to the sector, make it difficult to mobilize short-term trade financing and also longer-term public infrastructure investment. This, in turn, raises the cost (and risk) of South–South trade, and thereby predisposes funding towards (less risky) North–South trade. The financing of South–South trade is further undermined by the Basel II requirements, which pose additional challenges to financing investments in the South as a result of the perception that lending to developing-country counterparties is highly risky. Another major inhibition to the South–South flow of finance for the development of trade-related infrastructure in the agricultural sector is the complexity of supply chains and the lack of infrastructure needed to support production and trade (e.g. inadequate institutional support, poor infrastructure, obsolete processing plants, weak institutional support and so on).

21. Experts emphasized that South–South and triangular cooperation, through active mobilization of financial and technical resources, could overcome some of these obstacles to the development of a more efficient agricultural sector. In this regard, efforts should be made to identify key nodes along supply chains in the agricultural sector, and to target financial and technical support accordingly. Moreover, cross-border cooperation in finance, such as through the Global Network of Exim Banks and Development Finance Institutions (G-NEXID), should be further developed to support sustainable agriculture supply chain development.

22. Experts agreed that efforts at enhancing the flow of financing for South–South trade and trade-related infrastructure in agriculture could be more successful if they were complemented by other financial and non-financial support services. It would, therefore, be necessary for the international community, working through South–South and triangular cooperation, to consider establishing specialized regional or South–South agricultural development funds in order to promote investment for trade-related infrastructure for sustainable agriculture development within the context of South–South trade. Experts also stressed the importance of having specialized financing bodies to support commodity exporters, particularly in efforts at increased processing and diversification. In this regard, South–South trade could provide tangible opportunities for export diversification and access to finance in a cost-effective way. Even with international financial institutions, effective negotiation could make a significant reduction in transaction costs.

23. It was emphasized that high transaction costs could restrict South–South trade too. Those costs included transport costs, and costs arising from non-tariff barriers, such as excessive customs clearance procedures and paperwork, varieties of rules of origin applied under different regional trade agreements, and technical standards and certification procedures. The two main factors that contributed to reducing such costs included (a) the improvement of “hard” and “soft” logistics infrastructure; and (b) the reduction of tariff and non-tariff barriers to trade.

24. Experts agreed that in order to reduce delays and the costs of moving goods across borders, developing countries should pursue parallel improvements in “hard” and “soft” infrastructure. In the case of the former, this meant building new and maintaining existing roads, bridges and border posts; while enhancing “soft” infrastructure meant introducing trade facilitation measures aimed at reducing the complexity and cost of international trade through simplified and harmonized trade procedures and regulations. Such measures included implementing a “single window and single-stop service” with the aim of reducing paperwork and speeding up customs clearance, adopting Authorized Economic Operator systems, extending and harmonizing the service hours of customs, and eliminating trans-shipment obligations. Developing human resources in logistics and enhancing cooperation and information-sharing among carriers was also seen as vital.

25. Experts looked at examples of the technical assistance to develop transport infrastructure for the facilitation of trade and transport provided by the Japan External Trade Organization in countries of the Association of Southeast Asian Nations (ASEAN) and in the Mekong region. Experts agreed that the progress in “hard” infrastructure improvement and regional economic integration, especially through regional trade arrangements, had led to more efficient transportation for small-volume and frequent shipping, thereby improving supply chain management. Whereas in the past shipping by sea and by air had been used as major modes of transport in Asia, at present the use of land transport was incremental. Experts recognized that South–South and triangular cooperation could be one of the means of improving trade logistics and bringing about more South–South trade opportunities.

E. The potential of South–South investment for agricultural and economic development

26. Experts discussed the possibilities for South–South investment in agriculture, the drivers of food security–related investments, and as an example of a corporate perspective on South–South challenges, the internationalization of an enterprise from a developing country which has a significant presence in a large number of developing countries. The progress towards establishing a set of principles for responsible investment in agriculture was also discussed. While it was recognized that foreign direct investment (FDI) was only likely to fill a small part of the investment gap facing the sector, it was also recognized that it could provide important marketing links, as well as access to technology and management skills. A number of policy options were put forward to ensure that South–South investment helped to strengthen productive capacity in the agriculture sector of developing countries.

27. One panellist provided an analysis of the factors that were driving agricultural investment by Gulf countries, mainly to other developing countries in Africa and Asia, thereby creating scope for South–South cooperation. The over-reliance of the Gulf countries on food imports, their rising populations (including a large number of migrant workers), their declining underground water reserves, as well as the impact of the export restrictions imposed by some producer countries, were cited as the main drivers for these investments. However, investment driven by food security concerns was not confined to

Gulf countries; it was also being undertaken by some East Asian countries – in some cases by private sector enterprises, but also by state-owned enterprises. Locational factors with a bearing on such investments were seen to include: (a) the agricultural potential of the host country; (b) administrative governance and investor protection, whether via ownership or long-term lease contracts; (c) the costs of transportation to the home country; (d) bilateral long-term agreements; and (e) strong state support for the sector.

28. The meeting noted that the rise in the acquisition of farmland by foreign investors in developing countries had given rise to concern. One expert presented the status of an initiative to establish a set of principles and best practices in international investment in agriculture; this initiative already involves over 30 countries, and a number of international organizations including UNCTAD, FAO and the World Bank. The purpose of this initiative is to establish principles, guidelines and a toolkit (e.g. of best practices) to support responsible investment in agriculture. At the present time, this effort was still ongoing, however the meeting was informed that a number of key principles had been identified (subject to consultation), which included the following: (a) land and resource rights; (b) food security; (c) transparency, good governance and an enabling environment; (d) that processes for accessing land and making associated investments are transparent, monitored, and ensure accountability by all stakeholders; (e) consultation and participation; (f) economic viability and responsible agro-enterprise investing; and (g) social and environmental sustainability.

29. Experts noted that foreign investors did not need to own land in order to enhance agricultural production in developing countries. Ways of enhancing agricultural production included home countries (a) guaranteeing market access for agricultural produce, (b) providing better and more effective finance and (c) providing seeds and fertilizer support; and also strengthening the linkages of developing host countries in global value and supply chains. Experts also noted that in principle, sovereign wealth funds could also be mobilized to support agricultural production in developing countries through providing access to finance for farmers and buying bonds of agricultural development banks in developing countries, which may in turn provide credits to poor farmers.

30. It was noted that contract farming could be an alternative to FDI in agricultural production. One expert presented the case of Olam International (Singapore), which has a presence in over 60 countries – mainly in developing countries in Africa, Asia and Latin America. The company is actively involved in various stages of agriculture value and supply chains within and across different countries in 20 agricultural commodities. Olam manages the entire supply chain of the commodities that it is involved in, from origination at the farm level to distribution at the global level. It works directly with farmer groups and through structured supplier networks. One success factor underlying Olam's rapid internationalization is its business model, which involves working with structured farmer groups, the use of contract farming, and working in partnership with the public agencies of the host country and with international organizations, including donors. Its ability to apply the lessons learned in its operations in Asia to developing countries in Africa has played a role in its internationalization. Olam's international operations involve 1.2 million farmers in 22 emerging economies. Through its operations, Olam has helped farmers to upgrade their farming activities – to move from subsistence to commercial farming; it has also helped improve the food security situation in some African countries, for example by buying rice in Asia and supplying it in Africa.

31. A number of suggestions and specific policy options were made by experts to strengthen South–South investment and the agricultural productive capacities of developing countries. These included the following:

(a) Countries need to provide a conducive investment environment for agricultural production;

(b) Establishing bankable projects in agriculture, including through the mechanization of agricultural production and through marketing (where feasible and appropriate);

(c) Public investment in agricultural production support infrastructure, facilities and services, such as irrigation and transportation, to improve the overall farming environment;

(d) Contract farming, which does not involve foreign land ownership, can be considered, as can the promotion of FDI in agricultural production;

(e) Investing countries could provide financial assistance to help improve the agricultural production facilities of developing countries, such as in Africa, especially to address food security concerns;

(f) Developing countries with high input costs – such as high fertilizer costs – could look into approaches to reducing such costs;

(g) Strengthening the capacity of farmers is critical, for example through training and provision of the necessary tools;

(h) The United Nations, in particular UNCTAD, could facilitate the sharing of experiences between countries through the organizing of meetings and the provision of technical cooperation to developing economies.

F. Making the case for increased aid for triangular and South–South cooperation for agricultural development

32. The session examined the challenges and opportunities associated with South–South and triangular initiatives undertaken in the agricultural sector in Asia, Africa and Latin America. Following on from the previous discussions, it was clear that there was considerable scope for cooperation among countries with regard to exchanging information and technological expertise, and strengthening human resource development. There was a clear recognition that South–South and triangular cooperation were different from traditional official development assistance (ODA). However, the importance of country ownership, policy formulation and coordination repeatedly emerged as important elements for successful cooperation.

33. The Japan International Cooperation Agency (JICA) has been a leader in the area of triangular cooperation in agriculture. The discussion examined JICA's approach to building capacity in a recipient country with the aim of that country eventually becoming a "new donor" that could help to build capacities in other developing countries. The benefits of this approach were that it could contribute to the effective use of developing countries' resources, to the dissemination of outcomes from bilateral technical cooperation, to collaboration between traditional donors and new donors to assist other countries, and to promoting technical support among developing countries. It was also suggested that triangular cooperation could be used to respond to global issues such as the food crisis, food security, renewable energy and climate change, and that it was not limited to a narrower sectoral approach. Considerable interest was expressed with respect to the criteria used for selecting partners for cooperation. In the case of JICA, there were no specific selection criteria other than having a need for training in the particular area of expertise.

34. There was a general feeling that a fundamentally new approach to development cooperation in agriculture was needed – based on domestically formulated policies – to guide national priorities and objectives. The over-reliance on project financing for initiatives was criticized for contributing to suboptimal outcomes that were overly short-

term in nature, lacked coordination among donors, and did not lead to formulation of a national policy or strategy for agricultural development. While project funding had received much criticism, it was pointed out that different forms of financing may be appropriate in different contexts depending on the actors involved – whether they were from the private or the public sector. Budget financing was highlighted as a more optimal form of assistance to support efforts to reach national objectives.

35. The discussion examined international initiatives in the area of agriculture and the outcomes generated on the ground. Since 2008, four world food summits had been held that had generated \$40 billion in commitments. The question remained as to whether donors would deliver on their commitments and whether they would seize the opportunity to change the governance of aid in order to make it more effective. Some experts worried that the initial response to the food crisis – i.e. the provision of exceptional budgetary aid, emergency interventions and mid-term investments – was now unfortunately reverting back to business as usual. A more sustainable approach giving attention to longer-term investments and policy development had not yet emerged.

36. The neglect of agriculture on the international development agenda was highlighted. Agriculture garnered the smallest share of ODA, with much larger shares going to health and education. The need for due consideration of agriculture and productive capacities was highlighted. In addition, the question was raised as to whether countries also required aid policies, rather than just agricultural policies.

37. In providing a broader rationale for South–South cooperation, it was suggested that while the countries involved may have significant differences, it was possible to find common objectives to overcome common problems, and to pursue shared objectives. These initiatives allowed countries to share knowledge, experiences, and development capacities. Nevertheless, the key factors to successful cooperation remained effective coordination and monitoring, clear delineation of principles and priorities, and effective communication.

38. It was suggested that in order to make aid more effective, donors should improve delivery, increase volume and target the right priorities. Delivery could be improved by pooling the resources of different donors, respecting national ownership (i.e. alignment of donors to national priorities), refraining from attaching conditionalities to aid, and supporting long-term programmes (rather than collections of projects). Aid recipients could possibly adopt a national aid management policy; and regional responses, including a strong South–South component, could offer an effective option in some cases. Whatever the final modalities, aid should be directed towards the development of productive capacities, including technology and knowledge. In the specific case of agriculture, aid should target infrastructure (transport, energy, water, irrigation), financial institutions (e.g. rural banks, development banks), technology (research, extension), and should also strengthen linkages between agriculture and the rest of the economy.

G. The way forward

39. A number of themes were emphasized in the final session of the meeting to suggest future directions for South–South cooperation, as part of the broader effort to strengthen sustainable agriculture and bolster food security.

40. There was a call by many experts for an integrated approach to the challenge of strengthening agriculture. Such an approach was required not only in order to fill institutional gaps and strengthen sectoral linkages, but also to meet closely related threats and challenges such as those associated with climate change. In that respect, the experts emphasized that food insecurity was not just a sectoral problem but also a development challenge, which could only be met if rural and urban incomes rose along with increasing

farm productivity. It was felt that South–South cooperation could play a particularly important role through the sharing of experiences and lessons, not just in terms of economic measures and policies, but also in terms of social policy targeted at rural areas. Experts felt that UNCTAD could have an important role in assessing and disseminating those experiences.

41. Investment was seen by many of the experts as the biggest challenge. Figures presented to the meeting by FAO suggested that filling the public investment gap in the developing world would require between \$40 and \$50 billion per year – which would translate into 17 per cent of the 0.7 per cent ODA target. South–South cooperation could help to meet the absorption challenge, and also introduce new donors. But the scaling-up of aid, particularly to strengthen public investment, was only part of the challenge. The bulk of investment must still come from the private sector. This would require mobilizing domestic resources and focusing on the quality of investments.

42. In that regard, better investment planning had an important role to play; this could have a strong regional and South–South dimension. Again, the sharing of experience and capacity could help to strengthen the design and implementation of such plans. This was already happening in parts of Africa, but more support – including from multilateral organizations and through triangular cooperation – would be needed. Improved funding for investment was a major challenge, not only in terms of scale, but also of predictability and affordability. Regional funds and development banks including a strong South–South dimension could be one way forward. Various experts called for more work on this dimension of the challenge, drawing on successful experiences.

43. FDI was not the key in terms of investment volume, but it was an important strategic component of any solution, given that it could bring marketing channels, technological know-how and management skills. However, its role needed to be transparent and properly regulated, particularly given the sensitivities of the sector. South–South cooperation offered a possible way of strengthening the investment framework, and not just for investors from developing countries. Experts recognized that the multilateral system, including UNCTAD, could help in this regard.

44. It was emphasized that bringing the State back in without repeating the mistakes of the past would be at the centre of efforts to move towards sustainable agriculture. This would involve new partnerships, with a focus, in particular, on strengthening smallholder farmers. Such farmers often faced severe institutional constraints with respect to tenure arrangements, access to inputs, and technological support services. The case of research and development appeared to offer particular opportunities for strengthened South–South and triangular cooperation. Public research institutions had a clear role to play, and South–South and triangular cooperation, along the lines of the Embrapa example, needed to be supported and scaled up.

45. Experts agreed that the challenges facing the agricultural sector in the trading system were long-standing and that the biases and asymmetries were entrenched. Multilateral efforts remained key to the establishment of a more balanced system. However, growing South–South trade had an important role to play, not only in providing new market opportunities, but also in establishing a more supportive environment where countries could improve market access without compromising on the broader policy and institutional support needed to help build productive capacity in the sector. The example of GSTP was a hopeful one in that respect. Trade financing, the creation of export consortia and the provision of collective marketing services could all benefit from greater South–South cooperation. UNCTAD was well placed to provide support to countries interested in pursuing those options.

II. Organizational matters

A. Election of officers

46. At its opening plenary meeting, the multi-year expert meeting elected the following officers:

| | |
|----------------------------|-------------------------------------|
| Chair: | Mr. Jean Feyder (Luxembourg) |
| Vice-Chair-cum-Rapporteur: | Ms. Ruwanthi Ariyaratne (Sri Lanka) |

B. Adoption of the agenda and organization of work

47. At its opening plenary, the multi-year expert meeting adopted the provisional agenda for the session (contained in TD/B/C.II/MEM.2/4). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. South–South and triangular cooperation for sustainable agriculture development and food security
4. Adoption of the report of the meeting

C. Outcome of the session

48. At its closing plenary meeting on Wednesday, 16 December 2009, the multi-year expert meeting agreed that the Chair should summarize the discussions.

D. Adoption of the report

49. Also at its closing plenary meeting, the multi-year expert meeting authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report after the conclusion of the meeting.

Annex

Attendance*

1. Representatives of the following States members attended the session:

| | |
|-------------------------------------|------------------------------------|
| Algeria | Luxembourg |
| Angola | Madagascar |
| Austria | Mexico |
| Azerbaijan | Morocco |
| Bangladesh | Myanmar |
| Brazil | Namibia |
| Burundi | Nepal |
| Cameroon | Nigeria |
| Chile | Pakistan |
| China | Philippines |
| Côte d'Ivoire | Russian Federation |
| Czech Republic | Saudi Arabia |
| Democratic Republic of the Congo | Serbia |
| Dominican Republic | Sierra Leone |
| Egypt | South Africa |
| Finland | Spain |
| Germany | Sri Lanka |
| Guatemala | Sudan |
| Haiti | Syrian Arab Republic |
| Indonesia | Thailand |
| Iraq | Turkey |
| Israel | Uganda |
| Italy | United Arab Emirates |
| Japan | United States of America |
| Jordan | Venezuela (Bolivarian Republic of) |
| Lesotho | Viet Nam |
| | Zimbabwe |

2. The following intergovernmental organizations were represented at the session:

European Union
Organisation internationale de la Francophonie
Southern Africa Customs Union

3. The following United Nations organizations were represented at the session:

United Nations Environment Programme: Division of Technology, Industry
and Economics
United Nations Non-Governmental Liaison Service

4. The following specialized agencies or related organizations were represented at the session:

Food and Agriculture Organization of the United Nations (FAO)
International Atomic Energy Agency
International Labour Organization

* For the list of participants, see TD/B/C.II/MEM.2/Inf.2.

International Telecommunication Union
United Nations Industrial Development Organization

5. The following non-governmental organizations were represented at the expert meeting:

General category

Ingénieurs du monde
International Centre for Trade and Sustainable Development
Oxfam International
Third World Network

6. The following observer organization was invited to the expert meeting:

Global Network of Exim Banks and Development Finance Institutions

7. The following panellists were invited to the expert meeting:

Mr. Johannes J. **Spies**, Director, Directorate of Economic Affairs and Regional Organizations, Ministry of Foreign Affairs, South Africa

Ms. América **Bastidas Castañeda**, Vice-Minister for International Cooperation, Ministry of Planning and Development, Dominican Republic

Ms. Anuradha **Mittal**, Executive Director, Oakland Institute, United States

Mr. Philipp **Aerni**, Senior Researcher, Swiss Federal Institute of Technology, Zurich

Mr. Manzoor **Ahmad**, Director, FAO Liaison Office, Geneva

Mr. Moses **Muwanga**, Chief Executive Officer, National Organic Agriculture Movement of Uganda, Kampala

Mr. Antonio Carlos **do Prado**, Brazilian Agricultural Research Corporation (Embrapa), Brasília

Mr. Morten **Scholer**, International Trade Centre

Ms. Aileen **Kwa**, Coordinator of the Trade and Development Programme, South Centre, Geneva

Mr. Jean-Louis **Ekra**, President, African Import-Export Bank, Cairo, Egypt

Mr. Takashi **Tsuchiya**, Director-General, Trade and Economic Cooperation Department, Japan External Trade Organization

Mr. Talaat **Abdel-Malek**, Economic Adviser to the Minister of International Cooperation of Egypt, Cairo; and Co-Chair of the Working Party on Aid Effectiveness, Development Assistance Committee, Organization for Economic Cooperation and Development

Mr. Rafael **Trejos**, Director, Technical Leadership and Knowledge Management, Inter-American Institute for Cooperation on Agriculture, Costa Rica

Mr. Christopher **Brett**, Senior Vice-President, Olam Europe Limited, London, United Kingdom

Mr. Giacomo **Luciani**, Director, Gulf Research Centre Foundation, Geneva

Mr. Shiro **Konuma**, Permanent Mission of Japan, Geneva

Mr. Obai A. **Taylor-Kamara**, Director of South-South Cooperation, Ministry of Foreign Affairs and International Cooperation, Sierra Leone

Mr. Yoshitaka **Sumi**, Deputy Director-General, Japan International Cooperation Agency

Mr. Eric **Hazard**, Regional Economic Justice Campaign Manager, Oxfam International, Dakar, Senegal

Ms. Marianella **Feoli**, General Manager, Programme for South-South Cooperation for Sustainable Development, Costa Rica

Mr. David **Nabarro**, United Nations Secretary-General's Special Representative on
Food Security and Nutrition (by video link)
Mr. Josef **Schmidhuber**, Senior Economist and Head of Global Perspective Studies
Unit, FAO Liaison Office, Geneva
