



**TWENTY-SEVENTH FAO REGIONAL CONFERENCE FOR LATIN  
AMERICA AND THE CARIBBEAN**

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**PREPARATION FOR THE WORLD FOOD SUMMIT:  
FIVE YEARS LATER - REGIONAL DIMENSIONS**

## **I. Introduction**

1. At the World Food Summit of 1996 in Rome, a total of 185 countries and the European Community issued the Rome Declaration in which they undertook "to eradicate hunger in all countries, with an immediate view to reducing the number of undernourished people to halve their present level no later than 2015". We are now in 2002 and there is still much to be done as almost 54 million inhabitants of Latin America and the Caribbean continue to suffer from hunger and undernutrition, only one million fewer than in 1996 and four million fewer than in 1990. At the present rate, the number of hungry people in the Region will only have been reduced to 45 million by the year 2015.

2. On a subregional level, only South America has seen a fall in number of undernourished people in the last ten years, with a proportion of population dropping from 14% to 10%. Conversely, the number and proportion of undernourished people in Central America and the Caribbean have increased: from 5 million to 6.4 million people and from 17% to 19% in Central America; and from 7.3 million to 8.8 million and 26% to 28% in the Caribbean.

3. The economic situation in Latin America and the Caribbean in the past ten years has been one of relatively low growth and high instability. The fall in international prices and the reduction in capital flow caused by the Asian crisis and Russian moratorium produced virtually zero growth in 1998 and 1999. The regional economy did however grow by 4% in 2000 and, after a slight weakening in 2001, was expected to resume growth at even higher levels. However, these projections had to be revised downwards with confirmation of the North American recession. Regional economic growth in 2001 is currently estimated at between 0.5% and 0.8%, with recovery in 2002 expected to reach 3% at most.

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4. In *per capita* terms, growth in 2000 was at 2.4% and projections from 2003 are for growth of about 3% per year. However, recorded economic growth is below the average for the developing world and is just about comparable with the developed countries.
5. Economic progress has been insufficient to make significant inroads in the fight against poverty. In absolute terms, the number of poor in the Region has continued to increase in the last ten years, from 200 million in 1990 to 211 million in 1999 (the last year for which information is available). On the other hand, the number of destitute people has improved slightly, falling from 93.4 million to 89.8 million during the same period.
6. There has been a relative improvement in the proportion of poor in the total population, from 48% in 1990 to 44% in 1999. However, the incidence of poverty is still higher than in 1980 and the proportion of destitute people remains the same as two decades ago. Poverty and destitution are also much higher in rural areas than in urban areas, with poverty affecting 37% and destitution 12% of urban dwellers, compared to 64% and over 39%, respectively, of the rural population. Moreover, the number of poor and destitute in rural areas tends to be constant, constituting an element of structural hard-core poverty.
7. Recent changes in agricultural product<sup>1</sup> of Latin America and the Caribbean continues to indicate relatively weak and unstable growth. Sectoral output rose 2.7% in 2000, down from the 4.1% increase of 1999, and the average rate of growth for the decade stood at 2.5%.
8. Meanwhile, international prices of leading agricultural commodities continue to fall. In 2000, the food commodity price index dropped for the fourth consecutive year after the increases of 1996, producing a cumulative reduction of 43% for cereals and 35% for oils and fats. Nominal prices for these last products dropped to their lowest level since 1973 and real prices their lowest since 1948.
9. Agricultural production increased by only 2% in 2000, after the 4.7% increase in 1999. Despite the sharp cumulative price reduction of several major commodities, there was an average annual increase in production of 2.9% in the 1990s, up from 2.3% in the 1980s.
10. In the light of the above situation, this paper seeks to outline the challenges that need to be taken up if the commitments in the Rome Declaration are to be fulfilled. It begins by analysing the structural reforms that occurred in the Region, goes on to examine the resulting changes in the rural sector, and then identifies four challenges linked to the first four commitments<sup>2</sup>. The paper ends by looking at the sixth compromise<sup>3</sup> and reviewing trends in public expenditure on agriculture and rural development in the Region.

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<sup>1</sup> The Domestic Agricultural Product includes agriculture, hunting, forestry and fisheries.

<sup>2</sup> These four commitments are: 1) to ensure an enabling political, social and economic environment designed to create the best conditions from the eradication of poverty and for durable peace, based on full and equal participation of women and men, which is most conducive to achieving sustainable food security for all; 2) to implement policies aimed at eradicating poverty and inequality and improving physical and economic access by all, at all times, to sufficient food; 3) to pursue participatory and sustainable food, agriculture, fisheries, forestry and rural development policies and practices in high and low potential areas, which are essential to adequate and reliable food supplies at the household, national and regional global levels, and combat pests, drought and desertification, considering the multifunctional character of agriculture; 4) to strive to ensure that food, agricultural trade and overall trade policies are conducive to fostering food security for all through a fair and market-oriented world trade system.

<sup>3</sup> The sixth commitment is to promote optimal allocation and use of public and private investments to foster human resources, sustainable food, agriculture, fisheries and forestry systems, and rural development, in high and low potential areas.

## II. Structural reforms in Latin America and the Caribbean

11. A better understanding of the challenges facing the rural sector in Latin America and the Caribbean in this new century can be gained by reviewing the major political and economic reforms that have occurred in the last decades, identifying their limitations and drawing useful lessons.

12. The first phase of the reform process aimed at achieving economic stability through structural adjustment programmes. The first of these programmes centred on adjusting the fundamental prices of an economy (exchange rate, interest rate, staple items) so as to correct existing distortions and trigger non-inflationary economic growth.

13. Despite relative successes in the management of the macroeconomic variables, or precisely because of this, the main limitation in this approach clearly stemmed from the fact that there was no automatic mechanism to set prices "correctly", thus requiring recourse to arbitration. Dual arbitration was in fact needed: first, arbitration on the distribution conflict resulting from sharp inflation<sup>4</sup> and, second, arbitration on the control of fiscal deficit and, therefore, decisions on tax measures and public expenditure.

14. These two processes of arbitration aimed to correct some of the deficiencies of public policies, essentially those relating to the generation of institutional incomes. Three mechanisms were employed: first, agreements under administrative decisions; second, *ad hoc* agreements with main social actors; and third, the social isolation of the executive bodies charged with carrying out the arbitration by agreement of the parties. The main consequence of this institutional arrangement was to emasculate the juridical bodies appointed, by law or even by constitutional mandate, to enact the arbitration.

15. The second phase of reforms sought to overcome the shortcomings of the market by means of structural adjustment. The main components - liberalization of trade, privatization and deregulation - had one common purpose, which was to generate a better and more transparent functioning of the markets to resolve the problems of asymmetric information, such as adverse selection<sup>5</sup> and moral hazard<sup>6</sup>, and reduce transaction costs. As has been amply documented in the implementation of structural adjustment programmes in Latin America and other parts of the world, the proper functioning of markets, where these have been non-existent, incomplete or based on secondary markets, requires the presence of a body of institutions able to guarantee a regime of appropriate competition.

16. Moreover, these secondary or parallel markets - which in the final analysis are informal markets that have generally functioned on the limits of legality - have generated their own agents,

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<sup>4</sup> The impact of inflation on distribution of income takes the following forms: the displacement of wealth from lenders to borrowers; reduced purchasing power of recipients of fixed incomes; increase in State fiscal revenues if taxes are proportionate or progressive; disincentive to investment because of higher interest rates; and, difficulty in forecasting production earnings because of the insecurity of factor prices.

<sup>5</sup> Adverse selection occurs before contracts are signed and takes the form of an increase in the costs that the agent lacking information charges the other party, as a hedge against the possibility that the latter will conceal information relevant to the contract's efficient performance. These higher costs may discourage potential sellers or buyers from entering the market.

<sup>6</sup> Moral hazard occurs after signing a contract and exists when one of the parties has reason to behave differently than if the contract had not existed.

support networks and rules of operation. It is not surprising therefore that these social actors should often have appropriated the "gains" that should in theory have corresponded to society as a whole under effective competition. The replacement of public monopolies by private monopolies is largely the result of the influence of these secondary markets and the strong cohesion that exists among their agents and networks.

17. Finally, the package of reforms has served as to build a new development model for the Region, based on consensus over the importance of maintaining a balanced and stable macroeconomic framework, the change in role of the State through privatization and deregulation and the need to open up externally. It also recognizes the greater efficiency of markets in resource allocation and the complementary role to be played by the State in social policy, programmes of poverty alleviation and enhanced equity, the formation of capital and the development of microeconomic policy.

### III. Rural sector changes arising from the reforms

18. Before the structural reforms, a noted characteristic of agricultural sector was the strong level of public intervention in production and marketing, with the State covering internal demand for agricultural inputs, such as fertilizers, tractors, machinery and other equipment, although the main input was rural credit at subsidized rates. As regards marketing, the State promoted minimum price support programmes.

19. The structural reforms led to the withdrawal of the State, leaving the sector to adapt to positive real interest rates, to the alignment of domestic prices with international prices, and to the identification of new forms of financing of research and technological innovation. It also had to adjust to new conditions of input supply and trade, an area where the State had previously ensured sectoral viability.

20. The expectations from the economic liberalization of agriculture were that: i) the reduced levels of protection would be accompanied by real devaluation, with net benefits for producers of exportables or importables, including agricultural goods in both cases; ii) the greater role of the private sector and of the market in the sector would rectify the inefficiencies of government interventions in certain areas, with greater gains for the agricultural sector; iii) the sharp distortion of agricultural prices would be corrected and that there would thus be a reduction in fiscal deficit and inflationary pressure.

21. However, real exchange rate expectations failed to materialize, as the opening up of trade coincided with an increased flow of capital to the Region and the tight management of exchange rates as a way of stabilizing inflation. The combined impact was relatively generalized revaluation throughout the Region in the 1990s<sup>7</sup>. At the same time, the elimination of guaranteed prices failed to totally eradicate distortions in domestic agricultural prices as compared to international prices. The lack of market information in the countries of the Region, the inadequacy and inefficiency of storage and transport infrastructure, the agricultural subsidies that exist in the developed countries and the high cost of financing<sup>8</sup> often led to producers receiving lower prices than the international reference prices.

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<sup>7</sup> Ocampo, J.A. 2001. Agricultura y desarrollo rural en América Latina. In *Desarrollo rural en América Latina y el Caribe*. ECLAC.

<sup>8</sup> Tejo, P. 2001. El modelo agrícola de América Latina en las últimas décadas (síntesis). In *Desarrollo rural en América Latina y el Caribe*. ECLAC.

22. In addition, efforts to have the private sector and the market play a greater role in agriculture through: the elimination of special lines of credit for the agricultural sector and of interest rate subsidies; the elimination of public intervention in the marketing of agricultural commodities; the reduction or elimination of free technical assistance from the State and its partial replacement by private technical assistance mechanisms based on subsidies for pre-determined sectors, coupled with the restriction of research to institutes and universities; and the greater decentralization of support policies geared towards local infrastructural projects and service supply to small producers, with the active participation of NGOs and producer associations, have generated **institutional deficiencies** to the extent that these new policies have not been accompanied by the parallel development of a new institutional framework offering assurance to the various social actors involved.

23. This is particularly true in the case of the small and medium producers whose access to credit, to agricultural extension services and to marketing channels has been effected. Nor has the private sector been able to fully replace the public sector and, where it has stepped in, the cost has been too high for many producers. A lot of the problems of access to credit facing small and medium producers derive from the fact that they cannot meet the surety requirements imposed. This has resulted in a higher incidence of non-performing loans and in agricultural growth directed towards crops selected by the financial system. At the same time, NGO actions have generally had a positive impact, but such actions have been limited in small scale and thus in dissemination of good rural development practices.

24. The restriction of research to institutes and universities coupled with the reduction in State financing and the larger contribution of the private sector have led to a refocusing of activities on shorter-term research at the expense of basic research. In some countries, the reduction in State financing has led to the creation of agricultural research institutes that have two objectives: i) to involve agricultural producers in research decisions; and ii) to diversify sources of research funding. However these institutes have not managed to mobilize significant resources and producers have not made major contributions<sup>9</sup>, so research continues to be dependent on government support.

25. One central concern is to ensure the certainty and continuity of rural policy which needs to be long-term if it is to produce results and must therefore inevitably extend beyond one governmental term of office.

#### **IV. New challenges for rural development and food security in the Region**

26. Contrary to expectations, the macroeconomic reforms of the 1990s clearly failed to mitigate the anti-agricultural bias of the old import substitution model.

27. However, rather than returning to the old agricultural models of intervention and protectionism, the solution lies in promoting agricultural and rural policies that, in a context of sound macroeconomic policy, will generate sufficient agricultural and rural development to eliminate poverty, improve the distribution of income and ensure a satisfactory level of nutrition for each inhabitant of the Region.

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<sup>9</sup> Tejo, P. 2001. El modelo agrícola de América Latina en las últimas décadas (síntesis). In *Desarrollo rural en América Latina y el Caribe*. ECLAC.

28. With this in mind, a third phase of reforms has been proposed for the rural sector centred on present-day economic liberalization. This third phase, which is based on the complementary interplay of market, State and civil society, seeks to address the *coordinative shortcomings* of these distinct players brought about by unequal access to information, opportunistic practices and "free-riding". Emphasis is placed on incentives for social coordination, a theme of vital importance for economic performance<sup>10</sup>. Four areas have been identified in this connection which, while not exhaustive, represent major challenges for the achievement of balanced rural development and the objective set by the World Food Summit.

### **A new institutional framework for agricultural and rural development**

29. The relevance of economic institutions has come to the fore in recent years because of their key role in determining the ground rules of the development process.

30. The new paradigm of agricultural and rural development - resulting from globalization and less interventionary government policy - has impacted on traditional policy instruments. Many of these have lost all significance with the withdrawal of conventional State intervention but have not been properly replaced, thus making it difficult for the sector to perform in a more competitive international environment.

31. A key element for economic development of the agricultural and rural sector is therefore that of institution building and reform. The need for a new institutional framework is more pronounced in the fields of finance, infrastructure, environmental services, property rights, access to production assets and institutional adjustment to comply with international agreements (particularly for measures on plant and animal health).

32. Also important in this process of institutional renewal is the active involvement of civil society and NGOs in order to ensure transparency and accountability. The dynamic and effective participation of civil society will result in better linkages between the different dimensions and levels in which the process of institutional re-engineering unfolds.

### **A new rural dimension and a national perspective to rural development**

33. The new situation facing rural society in Latin America and the Caribbean and sectoral policy calls for a revised definition of the concept of **rural**. The different roles played by agriculture and the rural dimension in the economies of developing countries requires that adequate thought be given to the consequences of single-objective policies on other aspects of the workings of rural society.

34. Increasingly fewer farmers depend solely on agricultural income for survival, and now also resort to income from agro-industry and off-farm activity. The reduced availability of sources of financing for agriculture has also meant rural households having to find other coping strategies, including migration and remittances, and other forms of employment often closely associated with agriculture. This new definition of the rural dimension relates closely to activities in intermediate cities, thus generating a more national perspective to rural development.

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<sup>10</sup> **Gordillo, G.** 1999. El ansia por concluir: la débil institucionalidad de las reformas estructurales en América Latina, *Revista Mercado de Valores*. Mexico.

35. In the light of this new concept of the rural dimension, self-employment, income from off-farm activity, the new role of the municipality and district, social cohesion and access to markets and services in intermediate cities are important elements of a new development strategy that transcends the boundaries of sectoral policy and traditional definitions of rural and urban.

### **Innovatory policy instruments and evaluation of agricultural and rural development**

36. The governments of the Region are now calling for a revision of rural development strategies given their strong reluctance to continue applying formulas and recipes that have run their course. As a result, the last decade has seen the design and implementation of a series of innovatory rural development policy programmes and instruments.

37. Some of these programmes are organized and administered centrally, although they may include aspects to encourage demand for services, while others are directed more towards demand from decentralized activity. Of particular note are programmes to overcome poverty through human resource development; systems for the transfer of agricultural technology based on demand; and compensatory mechanisms under market liberalization. Current social and agricultural policies have shifted from general price subsidies to contingent programmes of transfers in cash or kind.

38. One crucial component of most of these innovatory programmes is the emphasis given to *ex-post evaluations*, which are often carried out by external organizations and NGOs as a way of ensuring their social monitoring and legitimacy. These evaluations also help raise awareness of incentive structures and intervention processes and, as such, constitute an essential part of the process of policy design and of the very process of agricultural and rural development.

### **The role of women in the rural sector**

39. The major changes that have taken place in the Latin American economies in the last ten years have had a strong impact on traditional rural life and particularly on agricultural households. In different ways, these changes have affected the established roles of men and women in the rural sector, the most important change being the greater involvement of rural women in the economic and social domains.

40. Many rural families have had to adjust their labour strategy to the new macroeconomic and political context and to make up for reduced income.

41. This has led to the integration of women in income generation activities, taking on production responsibilities and tasks previously reserved for the men.

42. This change in activities performed by women has also called for the adjustment of agricultural and rural development policies and for greater attention to gender-related aspects, on account of the many conditions affecting men and women differently: inequality of access to public services, technical assistance, land tenure, credit and human resource training programmes.

## V. New demands for public action: mobilization of resources for agriculture

43. These challenges imply new demands for public action and government intervention. Although the function of government in the direct production and in the marketing of goods and services has weakened significantly, public expenditure continues to be an important instrument in promoting agricultural and rural development.
44. This is particularly true if we consider the strategic importance of agriculture, which is far greater than its contribution to gross domestic product which averages only 7.3% in the Region.
45. First, agriculture continues to be the main economic activity in the rural sector and is therefore directly relevant to overcoming the enormous social challenges that exist in the countryside; moreover, agricultural progress spurs growth of other local economic activities through a host of interlinkages.
46. Second, despite growing globalization, many food markets continue to be localized and fragmented; at the same time, international food commodity markets continue to present significant trade and non-trade barriers. Thus, the critical importance of agriculture in food supply also impacts heavily on real income and on general competitiveness of the system.
47. Third, most of the poverty in countries with high levels of undernutrition occurs in rural areas. These countries depend on activities that are directly or indirectly linked to agriculture to provide much of the employment of their labour force and a high proportion of their economic product and export earnings. Growth of the agricultural sector is therefore vital for the reduction of poverty and the attainment of food security.
48. Achievement of the World Food Summit objective in Latin America will require an estimated gross annual investment in agriculture (not only primary production, but also storage, processing and infrastructural support) of 40.6 million US dollars for the period until 2015.
49. Although the function of the government in support of economic and agricultural activities has been relegated to providing essential public goods and services and an enabling environment for private initiative, public expenditure continues to be an essential requirement for economic and social development. Agricultural research and extension, infrastructure and public services, safety nets against possible crises, programmes to help specific sectors or regions adopt risk-carrying innovations that will ensure environmental sustainability and food security are some examples of the functions that will continue to be needed from the public sector, in many cases in increasingly decentralized association with the private sector and civil society.
50. Examination of total expenditure on agriculture and rural development in the region between 1995 and 2000<sup>11</sup> fails to reveal any clear trend from the previous decade; with countries such as Bolivia, Chile, Guatemala and the Dominican Republic posting lower levels of expenditure than in the 1980s, but countries such as Mexico, Brazil and Argentina increasing expenditure.

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<sup>11</sup> These data are based on a FAO study conducted for 12 countries of the Region on agricultural and rural public expenditure between 1995 and 2000 <http://www.rlc.fao.org/prior/desrural/gasto/default.htm>

51. The correlation between growth of agricultural sector and growth of public expenditure is complex, with Chile the only country with both a reduction in public expenditure on agricultural between the 1980s and 1990s and a reduction in growth of agricultural GDP, by one percent. In the other countries, such as Bolivia, Guatemala and the Dominican Republic, the reduction in public expenditure was accompanied by higher growth of agricultural GDP. Likewise, in the case of countries where public expenditure increased between the two decades, such as Mexico, Brazil and Argentina, only Brazil posted a slowdown (of 0.1%) in growth of agricultural GDP while the others recorded higher growth of agricultural GDP alongside higher agricultural expenditure.

52. Public expenditure on agriculture in recent years has been directed mainly towards the development of markets<sup>12</sup>, accounting for 50% of expenditure in 1995 and 45% in 2000. Other important areas have been the development of irrigation<sup>13</sup>, accounting for 13% of expenditure in 1995 and 10% in 2000, and the promotion of production of targeted beneficiaries, where relative expenditure increased from 8% in 1995 to 16% in 2000. Expenditure on innovation and management<sup>14</sup> has stood at between 8% and 7% between 1995 and 2000. This confirms the reduced importance of innovation and technology transfer in the public policy arena and the closer attention paid to areas relating to trade.

53. Another important feature of public expenditure in recent years has been the reduction in operating expenditures of central administrations and government agricultural bodies, and the countervailing increase in outsourcing of services and/or direct transfer of resources to producers. While the objective of these new modalities has been to improve administrative efficiency, in many cases the simple reduction in budget without the necessary redefinition of functions and institutional mission has caused institutional paralysis or resulted in a proliferation of other functions for which the entity does not have appropriate institutional capacity.

54. A functional breakdown of expenditure of ministries of agriculture shows marked differences in budget implementation strategy. For example, while Chile conducts a high proportion of its expenditure through external contracting and places a low volume of investment under the responsibility of the ministry, Costa Rica has a perceptibly low level of transfers and a high proportion of operating expenditures under its ministry, with very low expenditure on financial investment. Nicaragua, for its part, has a high proportion of transfers and at the same time a high level of expenditure in the form of investment<sup>15</sup>.

55. As regards expenditure in central administration and its share in total sectoral budgetary management, many countries have reduced expenditure in central administration, especially Brazil, or reduced the proportion of expenditure of central administration as in the case of Mexico. Some countries such as Bolivia and Chile have posted very low levels of sectoral expenditure at central administration level since 1995. In contrast, there has continued to be a high proportion of expenditure through central administration in Argentina, Colombia, El Salvador and Guatemala with in many cases sizeable budgetary deficits incurred to deal with the WFS commitments.

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<sup>12</sup> Development of markets is understood as all expenditure directed towards programmes or actions that represent intervention on agricultural commodity or input markets. This includes subsidized short-term credit when freely available to producers and thus not specifically targeted.

<sup>13</sup> Development of irrigation includes all investments in irrigation infrastructure.

<sup>14</sup> Innovation and management includes all open-access programmes of research and technology transfer for producers.

<sup>15</sup> These values should be considered with caution as several countries of the Region consider as investment expenditure payments made under a national project portfolio system, while in practice a high proportion of these disbursements are to cover project operating costs.

56. There has been a wide difference in public expenditure per agricultural worker in the last ten years, with Guatemala and El Salvador spending barely US\$ 20 per agricultural worker compared to US\$ 400 in Chile and US\$ 300 in Mexico for 1999.

57. With regard to the index of spending on agriculture<sup>16</sup>, public expenditure on the agricultural sector clearly fails to reflect the importance of this sector to the national economy, except in the case of Mexico. Countries with economies based on agricultural exports, such as Argentina, Colombia, El Salvador and Guatemala, to mention those with the lowest values of index of agricultural spending, had levels of expenditure on the agricultural sector of under 10% of the relative importance of the sector in the national economy, i.e. between 2% and 7% for the year 1999. Analysis of expenditure trends between 1995 and 2000 indicates that half the countries increased and half reduced their index of spending on agriculture. Finally, while the rate of growth of this index worked out at 10% per year, its average value was only 2%.

58. Finally, the following actions need to be undertaken to bring about greater efficiency in State allocation of resources: reduce the high level of dispersion and overlapping of rural programmes; develop a strategic agenda of short and medium-term priority actions; improve coordination between agencies responsible for budgetary implementation at government level and between these and national fiscal authorities; strengthen information systems relating to budgetary implementation; generate mechanisms for the evaluation of rural programmes; and lastly, set up facilities for negotiation among social actors that will encourage private and public investment in the rural sector. A large proportion of resources may be directed towards market intervention programmes of doubtful social viability, by being basically determined by volume of operations of beneficiary agricultural enterprises (support prices, subsidies for private investment in assets in the form of land, irrigation, plantations, etc.) rather than by their relative inadequacies.

59. In sum, and by way of conclusion, there is growing consensus that the agricultural model implemented with the structural reforms of the last ten years has not succeeded in mitigating the anti-agricultural bias of the import substitution model. Certain components of this model and its accompanying policies need to be modified, but in keeping with the changes that have occurred in the economic, political and social environment of the Region.

60. Clearly, the target of halving the number of hungry in the Region by 2015 will be a long way off if we continue at the present rate. The political will needs to be coordinated and strengthened if this target is to be achieved, which calls for the formation of strategic alliances and the creation of adequate incentives to promote the channelling of public and private resources. Three distinct actions would appear to be indispensable in this regard:

- a) Strengthen FAO's Special Programme for Food Security in the low-income food-deficit countries through the Trust Fund for Food Security and the prevention of transboundary animal and plant pests and diseases.
- b) Promote and strengthen strategic production alliances involving State, corporate sector and civil society to facilitate the achievement of food security and rural development and at the same time consolidate the political will of all actors.
- c) Promote the channelling of private and public resources towards agricultural and rural development; and more specifically, focus public expenditure on a programme that includes the following basic elements: a policy of rural income through direct transfer, a

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<sup>16</sup> The index of spending on agriculture indicates the extent to which government expenditure reflects the importance of the agricultural sector in the national economy. It is calculated by dividing the share of public expenditure on agriculture in total public expenditure by the share of agriculture in gross domestic product. The higher the index, the closer the alignment of public expenditure on agriculture and importance of agriculture in the national economy.

system of rural financing, infrastructural development, the redesign of science and technology institutions as vehicles for agricultural technology, and policies of sustainable development.