ECOFIN

Chair: Saj Agarwala

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Welcome to ECOFIN

Dear delegates,

Welcome to YMUN Singapore's ECOFIN committee. Get ready for a trip in the Economics of Developing Countries' Industrial Sustainability, but do not get scared of the title.

I am a first-year in Yale College intending on majoring in Economics and Molecular Biophysics and Biochemistry from the Greater Philadelphia area.

In the past few months, I have explored a range of activities, but we will meet in March because I am a member of Yale's Model United Nations team. Competing on the team, I have become convinced that MUN centers around one thing: enthusiasm. Your enthusiasm will entirely drive your contribution to our committee, so I offer that bringing energy is what will foster effective diplomacy and complex, creative policies.

This, principally, means bringing what you have learned. If you read a study about Randomized Control Trials of agricultural technology, cite it in your resolutions. If you are an expert in invisible infrastructure, make a speech about townspeople making a trip to the schoolyard clinic. And if you could rattle off statistics that shape the course of debate, do it.

For any ideas to spring up, a community has to be formed in the days we have. I am excited to learn from you all. Feel free to reach out at business@ymuns.org if you have any questions.

Sincerely,

Saj

Chair of ECOFIN

USG of Business

Committee History

ECOFIN was founded as the Second Committee of the United Nations General Assembly in 1945 with membership open to all 193 member states. The committee addresses issues of development economics and international finance. Some of its actions involve encouraging funding development projects and working on highlighting areas for sustainable development. Instruments typically used by the committee are debate and resolutions. Creating effective policies that use these instruments requires tying in academic work, so ECOFIN also hosts speakers with expertise in creating relevant policies.

Resolutions created by the committee aim for unanimous support for international implementation since resolutions do not have the power of legislation. Nearly forty resolutions are passed each year. Most of which move on for further consideration by G77, a United Nations coalition of developing countries, while others are tabled for smaller groups of states[1]. Because of this ECOFIN has played a role in passing impactful resolutions related to debt sustainability, international taxation, etc.

As a steward of economic and financial concerns in the United Nations, ECOFIN is a principal body in helping countries develop and the world achieve sustainable development. It has played a crucial role in the UN's past and will in its future, too.

[1] Ruder, Nicole, and Johann Aeschlimann. *The PGA Handbook: A Practical Guide to the United Nations General Assembly*. Edited by Stephen Frankel and Mary Regan, Swiss Mission to the United Nations, 2011. Accessed 16 January 2024.

Committee Structure

All 193 Member States of the United Nations are represented in ECOFIN. A simple majority is required for votes for ECOFIN, but the committee usually aims for more agreement. The committee meets annually from early October to the end of November. Sometimes, an extension is granted into the early weeks of December.

Its time in session is split into two stages. The first stage starts with a speaker to set the tone for general debate. In 2024, for example, Professor Jayati Ghosh of the University of Massachusetts Amherst's Department of Economics will speak on Sustainable Recovery[2]. Following the COVID-19 pandemic, this is globally and macroeconomically relevant. As are the issues tackled by the committee until the second stage.

For four weeks, the committee will act on individual items. Debate distills the number of presented proposals which are considered for a second time. If voted on favorably, these documents can make their way to be tabled by other committees that have greater relevance to the policies. This marks another step on their way to implementation by Member States. During this second stage, the committee will also meet for their annual joint meeting with ECOSOC, another General Assembly committee, to discuss current proposals.

[2] United Nations. Economic and Financial Committee (Second Committee) - UN General Assembly. www.un.org/en/ga/second/index.shtml.

Glossary (optional)

Macroeconomics: The branch of economics that deals with the overall performance, structure, behavior, and decision-making of an economy as a whole.

Sustainable Development: Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. In ECOFIN, this term often refers to economic growth that considers environmental and social impacts.

Agricultural Yields: The measure of the amount of agricultural produce harvested per unit of land area. ECOFIN addresses policies and strategies to enhance and sustain agricultural yields for food security and economic growth.

Loans and Grants: Financial instruments used by ECOFIN to provide economic assistance to member states. Loans are repaid funds, while grants are non-repayable funds provided for specific development projects.

Externalities: The unintended side effects or consequences of an economic activity that affect parties other than those directly involved in the activity. ECOFIN explores policies to control and mitigate negative externalities for sustainable development.

Optimizing Markets: The process of improving the efficiency and effectiveness of markets to achieve better economic outcomes. ECOFIN discusses strategies and policies to optimize markets for the benefit of member states.

Development Economics: The study of economic factors affecting the development of countries and regions, focusing on issues such as poverty, inequality, and economic growth. ECOFIN engages in discussions and policies related to development economics.

United Nations General Assembly: The main deliberative, policymaking, and representative organ of the United Nations, where all 193 member states are represented. ECOFIN operates as a committee within the General Assembly.

Committee Dynamics: The interactions and processes within the ECOFIN committee, including formal debates, moderated caucuses, and unmoderated caucuses, where member states collaborate and negotiate to address global economic challenges.

Topic 1: Infrastructure for Sustainable Development

Introduction

The International Monetary Fund (IMF) classifies 152 countries as developing[3]. Many are in the United Nations. ECOFIN, therefore, must concern itself with helping these member states achieve sustainable development. A key way they do that is through creating effective infrastructure that can precipitate solutions to problems of healthcare, education, transportation, and closing the digital divide.

Questions of funding sources for these policies have been discussed in previous ECOFIN committees. Some delegates have proposed that a line of support can be extended through Special Drawing Rights (SDR), a type of debt raised by the IMF[4]. Alternatively, private banks and multilateral development banks could relieve countries' debt burden through credit-for-climate or -nature swaps. These two can form a two-pronged approach to helping developing countries over-allocated towards debt-servicing, increasing their ability to fund projects that aim towards sustainable development. But where to allocate these funds is arguably a more pressing matter.

Policies that achieve sustainable development can take many forms, tackling different issues within the content of international issues that aid in countries' development. Invisible infrastructure is an unintended consequence of infrastructure policies rooted in infrastructures underutilization (originally, the term was created by Lucy Page and Rohini Pande in their paper "Ending Global Poverty: Why Money Isn't Enough".) It is used by third-party organizations as a mechanism for development. For example, schools built in rural communities that gain the trust

[3] "List of 152 Developing Countries." Worlddata.info, www.worlddata.info/developing-countries.php.
[4] "Special Drawing Rights." IMF, 9 July 2021, www.imf.org/en/Topics/special-drawing-right.

of residents have been used to great effect in deworming initiatives by NGOs. ECOFIN's pursuit of sustainable development can, thus, be propelled by a creative use of infrastructure.

But the varying effectiveness of foreign aid has raised issues that could affect the implementation of infrastructure policies. One of these is transparency. The governments of different developing countries are orchestrated by different norms and laws; it has proven difficult for international organizations to verify that their funds are making it to places they intend (schools, sustainable industries, etc). Increasing openness has a track record of increasing effectiveness. For instance, if countries reveal their department of education's finances, townspeople could hold their officials accountable as they understood where the money that should have been funding their schools was going. If it were going to a principal instead of towards textbooks, townspeople could replace the principal. Adding contingencies to encourage transparency and similar effects could mark a shift in United Nations policy that ECOFIN could consider.

With an onus in the United Nations placed on environmental sustainability, ECOFIN is also tasked with paying attention to funding projects that do not entrench countries deeper in issues related to climate change. A myriad of considerations will affect the committee, but paying attention to each can create policies that set developing countries on the path to achieve goals set by the United Nations while guiding them in a changing global landscape. Like other committees in the United Nations, ECOFIN's resolutions are non-binding and non-enforceable. So, cooperation and support are important for participation in them by Member States.

History

As a committee named for dealing with issues of macroeconomics and global finance, ECOFIN has played a large role in picking the policies that other United Nations organizations have acted on. Part of this is recommending policies of funding, mechanisms for development and growth, and urging for international cooperation.

A principal issue for many developing countries on their quest towards sustainable development is getting the funding necessary for the development projects. Foreign funds like debt could solve this, but they provide a resource rather than enabling a government to accomplish what it plans. Combating tax evasion, avoidance, and corruption, alternatively, could increase the effective policy power of developing countries. This is important for achieving sustainable development since many of these countries have regarded their current amounts of funding as inadequate to achieve the goals set by the United Nations. Enabling countries with their own tax funds could give governments the locus to create and maintain infrastructure. With this, they can be the agents of their own development instead of relying on variable flows of international funding.

ECOFIN has recognized this. In 2022 and 2023, ECOFIN passed resolutions related to international tax cooperation[5]. The main hurdle to their adoption by Member States, however, is the agreement and subsequent implementation by these countries. Resolutions from ECOFIN are usually tabled by more special, representative bodies like G77 where they counter another round of scrutiny. And even if they make it past these bodies, they are not necessarily put into law or

[5] Second Committee Approves Nine Draft Resolutions, Including Texts on International Tax Cooperation, External Debt, Global Climate, Poverty Eradication. 22 Nov. 2023, press.un.org/en/2023/gaef3597.doc.htm?_gl=1*1dmlo97*_ga*MTExMzg5ODAxOS4xNzA1MTY2MTE5*_ga_TK9BQL5X7Z*MTcwNTM4MjE0NS4xMy4xLjE3MDUzODI3NzcuMC4wLjA.

recognized by countries–especially if they were voted against. A key objective of ECOFIN, therefore, is to create solutions that have unanimous support for their continued path out of committee.

Developing countries dependent on commodities represent another type of country unequipped with the resources to make an economic transformation. Without an array of jobs, much capital may be dedicated to extracting natural resources–an environmentally expensive endeavor. And a concentration of the economy could provide a country little recourse to shift its track towards sustainable development. Closing the digital divide can empower countries with the reigns of other industries. Previously, ECOFIN has served as a platform for countries to voice these issues. It has also passed a resolution related to small business growth in 2022[6] that aims to address barriers to equal and effective economic participation specific to different countries. A tailored approach could move countries towards having multiple industries that support sustainable development by considering their specific situation.

ECOFIN has been wary of the economic impact to developing countries posed by sanctions made by blocs of other countries. It has urged for international cooperation to encourage Sustainable Recovery and subsequent Sustainable Development for developing countries whose path may be shifted by international strife. Similarly, in an effort to increase inclusion of countries on the global stage, it has passed resolutions encouraging an inclusive financial structure through facilitating macroeconomic stability and debt sustainability. Through

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[6] Concluding Its Session, Second Committee Approves 11 Draft Resolutions, Including Texts on Women's Development, Global Tax Cooperation, Entrepreneurship | UN Press. 23 Nov. 2022, press.un.org/en/2022/gaef3579.doc.htm?_gl=1*35vrw3*_ga*MTExMzg5ODAxOS4xNzA1MTY2MTE5*_ga_TK9BQL5X7Z*MTcwNTM4MjE0NS4xMy4xLjE3MDUzODI5MDcuMC4wLjA.

encouraging regional cooperation and multilateral development banks, ECOFIN has shown that countries' finance architecture can assemble to cater to their region[7].

One route for international funding to these assemblies is through categorical grants. Some of these may go towards creating community-operated schools or national curriculums. Others may go towards establishing cargo rail infrastructure accessible to rural farmers in developing nations, increasing their access to global markets. Alternatively, ECOFIN resolutions can encourage other United Nations organizations like the WHO to take the reins and establish clean water infrastructure for increasingly urbanized areas.

While considering funding is important, it is important to debate the place for contingencies in grants to mitigate detrimental environmental effects. These would be a part of categorical grants and similar policies meant to dedicate funds to specific uses; this does not mean countries relinquishing their independence. ECOFIN has reiterated that nationally owned initiatives supported by finance architecture are important for enabling developing countries continued development.

As a platform for developing countries' concerns, ECOFIN has the potential to promote sustainable development effectively by considering the specifics of the countries the policies mean to effect.

[7] Sustainable Development Goals Unreachable Without Reformed Financial Architecture, Stronger Political Will, Speakers Say as Second Committee Opens General Debate | UN Press. 2 Oct. 2023, press.un.org/en/2023/gaef3583.doc.htm?_gl=1*10lmsfp*_ga*MTExMzg5ODAxOS4xNzA1MTY2MTE5*_ga_TK9BQL5X7Z*MTcwNTM4MjE0NS4xMy4xLjE3MDUzODI5MTEuMC4wLjA.

Current Situation

Rapidly growing populations and economies present many countries in a plastic position for sustainable development investment. Geographic similarities and economic ties that have challenged some countries with a rural economic divide and commodity-dependent economies which necessitates delegates to consider complex policies. With these features and a rapidly growing population, Africa will become a stage for this potential into development policies and are thus an example group of countries focused on within this section.

Building infrastructure in Ghana has had a positive economic impact. The International Trade Administration (ITA) reports that Ghana's $8 billion construction sector has employed nearly 420,000 people[8]. As an economy highly dependent on primary commodities like oil, gold, and cocoa, this diversification can help it weather global economic challenges. Further, the infrastructure construction project built residential buildings, water and sanitation infrastructure, and transportation infrastructure according to the ITA.

Ghana has made significant inroads in increasing digital access through increasing telecommunications access, but last mile networks have made the system prohibitively expensive for some consumers. Access, therefore, has been effectively limited to urban areas. Mobile payments have also broken through to the Ghanaian market. These can encourage small business development and the inclusivity of markets. Residents can then have an alternative to working through status quo corporations or informal sector jobs.

But for all Ghana has accomplished, these effects have not made their way to fully achieving sustainable development. According to Oxfam, inequality has been increasing,

[8] "Ghana - Construction and Infrastructure Industry." International Trade Administration | Trade.gov, www.trade.gov/country-commercial-guides/ghana-construction-and-infrastructure-industry.

threatening poverty reduction that has occurred over the past few decades[9]. And, there has been a geographic and gender divide in the distribution of the effects of poverty reduction initiatives. ECOFIN has the potential to buck this trend with policies that increase access through Ghana's infrastructure.

Transportation infrastructure investment may benefit rural areas that lag behind urban areas; this is relevant to Ghana and countries with similar divides. The World Bank found that access to paved roads led workers in Kenya and Ethiopia out of the agricultural sector. Industrialization of this sort could produce goods mired with higher productivity labor use and an integration with the demands of other countries, fostering an interdependence encouraged by the United Nations' Sustainable Development Goals. More specifically, there was a 9 percent decrease in the countries' workforce in agriculture[10]. High rates of electrification add to this trend by leading workers into the service industry.

Studies like Jedwab and Storeygard's on the effect of transportation investments have also shown that railroads in Ghana and Kenya have helped integrate markets by reducing transportation costs[11]. This has provided long-term gains for the countries, enabling their economy to grow and the governments to collect more tax revenue for sustainable development initiatives. But a propelling effect to the broader economy may not necessarily occur. Delegates in previous ECOFIN committees have argued that over-allocation of countries' balance sheets to

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[9] "Ghana: Extreme Inequality in Numbers | Oxfam International." Oxfam International, 25 May 2022, www.oxfam.org/en/ghana-extreme-inequality-numbers.

[10] Lebrand, Vivien Foster Mathilde, and Vivien Foster Mathilde Lebrand. "How Does Infrastructure Investment Promote Economic Development in Fragile Regions of Africa?" World Bank Blogs, 2 Oct. 2023, blogs.worldbank.org/ppps/how-does-infrastructure-investment-promote-economic-development-fragile-regions-africa.

[11] Jedwab, Remi. The Average and Heterogeneous Effects of Transportation Investments: Evidence From Sub-Saharan Africa 1960-2010. 1 Aug. 2020, papers.ssrn.com/sol3/papers.cfm?abstract_id=3675221.

debt-servicing has prevented investment in infrastructure projects that support sustainable development.

Tax avoidance and other issues sometimes prevent developing countries from collecting enough funds in taxes to cover their economic development initiatives. In that case, they turn to debt. Vulnerability to climate change's effects have formed a cross-cutting identity for some developing countries. An innovative form of debt, debt-for-climate and -nature, could help countries protect their populations from climate change with funds to finance development projects. Brookings has classified some of these countries which can benefit from climate finance from international funds and development banks[12]. Importantly, this poses an alternative to traditional debt financing which does not necessarily encourage sustainable development with repayment that could work against potential projects.

Widespread use of debt-for-adaptation has not been achieved, though. ECOFIN, therefore, may focus on what projects it should fund for specific regions, providing recommendations for other international organizations and bodies to act on.

Delegates have also posed the potential for redirection of some of the International Monetary Funds' Special Drawing Rights. These are rights to claim the "freely usable currencies of IMF members"[4], effectively providing countries with a line of credit for development projects. SDRs, however, may have their downsides: they may foster a dependence on international organizations–even if they do not have to be repaid–where there would otherwise be a chance for developing countries to increase their government's ownership of its own development.

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[12] "The Economics of Infrastructure in a Globalized World: Issues, Lessons and Future Challenges | Brookings." Brookings, 28 July 2016, www.brookings.edu/articles/the-economics-of-infrastructure-in-a-globalized-world-issues-lessons-and-future-challenges.

Delegates in committee should consider upsides and downsides to different policies, ensuring they are enabling countries for sustainable development.

A 2023 VoxDev article reports on research done by Fiorini, Sanfilippo, and Sundaram on infrastructure helping Ethiopian firms relish in trade liberalization[13]. This does two things. It spreads access to opportunity amongst populations within a country, lowering the barrier to entry for markets and promoting inclusivity. And, it indicates the potential for countries to take up the sustainable reins of their economies with debt-for-adaptation policies. Using electric vehicle technology, developing countries could keep up with developed country trends in transportation electrification with a network of chargers and commercial vehicles. Sustainable development may lay a layer on top of traditional economic development schemes.

In creating urban landscapes, municipal governments may also want to consider increasing water and sanitation access to populations within urban areas that are the least well off. Last mile infrastructure for these services had been built by utility companies, but impoverished populations were not paying their utility bills. A VoxDev podcast reports that a study measuring different incentives to increase payment found raising the possibility of cutting off water access that caused the greatest effect[14]. Policy specifics like these form the basis of sustainable infrastructure development that could and would be adopted by other countries.

The Asian Development Bank (ADB) wrote an analysis of countries' development projects and their effects on economic productivity and growth[15]. Overall, it found there was an

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[13] "The Effect of Infrastructure on Firm Gains From Trade Liberalisation: Evidence From Ethiopia." VoxDev, voxdev.org/topic/infrastructure-urbanisation/effect-infrastructure-firm-gains-trade-liberalisation-evidence.

[14] "Pipe Dreams: Enforcing Payment for Water and Sanitation Services in Kenya." VoxDev, voxdev.org/topic/infrastructure-urbanisation/pipe-dreams-enforcing-payment-water-and-sanitation-services-kenya.

[15] STRAUB, STÉPHANE, and AKIKO TERADA-HAGIWARA. "Infrastructure and Growth in Developing Asia." Asian Development Review, vol. 28, no. 1, pp. 119–56.

unclear impact on productivity but the accumulation of infrastructure–transportation, digital, sanitation–correlated significantly with positive economic growth. This is key for countries aiming to develop. But ensuring economic growth takes a sustainable approach is something not as simple: GDP cannot encapsulate it. Previous policies' implementations can, though.

ADB also noted the urban-rural divide that exists in many developing countries and a requisite emphasis on promoting inclusion in development. It found that many metrics of infrastructure development correlated with positive outcomes for rural communities, from electrification to transportation. Tokens of correlations and causality from studies reporting on the effect of previous implementations of policies could provide ample runway for lateral implementation of these policies across regions. If, for example, land values are correlated with decreased travel time, investing in roads to rural areas could combat the rural poverty cycle by increasing the value of these communities' assets.

Bloc Positions

Ghana

Ghana epitomizes the positive impact of infrastructure investment. Their $8 billion construction sector has employed nearly 420,000 people, diversifying the economy beyond primary commodities like oil, gold, and cocoa. Concerns about rising inequality have been challenged with sustainable development projects aiming to bridge the urban-rural divide and protect the environment. Ghana has advocated for increased investment in transportation infrastructure for rural areas to increase industrialization. Linking its economy with its neighbors can foster inter-regional trade and draw international attention and, thus, investment in sanitation and municipal services to support development throughout the country.

Kenya

Kenya's transportation infrastructure supercedes that of neighboring nations, but there remains a gap in its construction. Its capitol, Nairobi, is a hub of transportation in eastern and central Africa. The Port of Mombasa on its coast is the largest deep-water port in the region, allowing large cargo ships to dock and deliver good and resources for multiple countries. Despite its importance, infrastructure in the country lacks efficiency and does not reach every part in teh same way. Because of the interdependence fostered by the relative centralization of traed around Kenya, it is important for these gaps to close for its . Part of the plan to remedy this is private sector participation and government programs. Some international companies have entered into Kenya's construction industry as exhibited by trade shows like Big 5 Construct Kenya.

Ethiopia

Ethiopia is a landlocked nation that has found itself largely dependent on goods from the Port of Djibouti. Shipping these goods has required extensive use of its transportation infrastructure which, in previous years, had been underfunded. However, a report from the International Trade Association found that the country plans to expand its road network by 10,000 km in the next few years. Additionally, there has been the expansion of all-weather roads for more stable freight transport. Besides working on the network of transportation means within the country, Ethiopia has also attempted to get goods from other ports: it has created plans around Kenya's Mombasa Port and the Port of Sudan.

Not all of these efforts have been domestic. China's infrastructure investment in the construct is substantial, financing a railway from its capitol city to Djibouti. Here is a demonstration of the stake western countries have had in the development of infrastructure in the country. Western companies can get involved by investing internationally, similar to how China's Merchant Port's Holdings has a stake in the nearby Port of Doraleh.

Developed Nations, generally

Large banks in the United States can get involved in funding credit for projects, creating a business potential similar to China's One Belt One Road Initiative which has funded ports and railways in Africa. Organizations like the International Trade Association have already identified some of the places in which companies could get involved. Many of these relate to transportation, freight infrastructure, and construction; therefore, they directly create an impact in infrastructure development. For sustainable infrastructure, specifically, credit-for-nature swaps can be employed, although their applications are arguably more niche. A market that has had some presence in developing countries have been carbon credit markets, however these have a litany of issues themselves.

Questions to Consider

- Would coordination with developing countries' federal bureaucracy be beneficial to building infrastructure? Generally, how would the United Nations go about implementing its policy to ensure infrastructure is built?
- Should regulations be placed on foreign aid for infrastructure to disincentivize countries from devaluing their currencies for greater industrial appeal? How would this encourage ECOFIN's emphasis on inclusivity and fairness in development?
- How should investment be allocated to different countries in the region? Should it be given to countries with economic growth rates that are trending upwards or downwards?
- What is the role of the International Monetary Fund in dispensing the funds that ECOFIN recommends? How should multilateral development banks play a role in creating international finance architecture that encourages nations to own their development?
- ECOFIN's interest is in globalization and interdependence, but do certain forms of infrastructure favor some countries over others? If this is the case, how would this play into global dynamics, stoke tensions, and affect committees tabling ECOFIN's proposals?
- What are unintended consequences of building infrastructure that would impact the degree or possibility of sustainable development? For example, would building bridges cause an increase in petrol vehicle usage and, thus, emissions? Should protections be put in place for examples like these?

- What international organizations and NGOs can work through use built infrastructure as invisible infrastructure for encouraging their missions that fall under the United Nations' Sustainable Development Goals?

Important Resources for Research

- ECOFIN Press Releases
- VoxDev
- Brookings Institution
- International Trade Administration (country profiles)
- World Bank
- OECD
- International Monetary Fund
- Asian Development Bank

Topic 2: Agricultural Policy, Food Production, and Industry

Introduction

Agricultural subsidies have played a pivotal role in shaping agricultural production in developing nations over the past few decades. The Green Revolution during the mid-20th century saw agricultural subsidies that promoted adoption of high-yield crops, fertilizer, and improved irrigation practices. What resulted was a significant increase in food production, fundamentally altering food security for developing countries and laying the groundwork for enhanced economic growth. Many organizations have echoed that food security is essential to economic development and for populations to escape the poverty cycle.

It is crucial to understand the upsides and downsides of agricultural subsidies when designing policies meant to shape nations' entire industry. While food access can increase with increases in technology access, concerns of production stability and environmental damage have to also be considered. Balancing the many facets of developing countries' policies is core to sustainable development for countries' agricultural industries.

History

The narrative of agricultural subsidies in developing nations can be divided into two phases: the Green Revolution and the contemporary landscape of complex challenges.

The Green Revolution took place in the mid-20th century between the 1960s and 1980s. It was a period of significant increases in agricultural productivity and production caused by widespread adoption of high-yielding crops, fertilizer, and improved irrigation practices. Countries in Asia and South America benefited from these changes backed by government policy and subsidized; subsequently, many countries achieved food security in the fight against poverty and malnutrition. This created a runway of development for developing countries.

One paper, “Two Blades of Grass: The Impact of the Green Revolution” by Collin et al contextualized the economic impact of the Green Revolution. It found that it increased incomes and estimated that even a ten-year delay in the changes would have caused a 17% lower GDP per capita in the year of 2010[16]. Additionally, the Green Revolution was found to cause a decrease in land used for agriculture. But there is nuance about its long-term effect.

Concerns have emerged about the sustainability of intensive agricultural practices. High yield crops may have decreased food security but they have come at the cost of biodiversity. This has caused food supplies to become an easier target for pathogens as a larger part of their composition is from a few crops. Monocropping, the process of growing the same crop on the same plot of land in consecutive years, has also caused soil degradation as the number of nutrients has decreased; these effects come at the detriment of agricultural productivity.

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[16] Gollin, Douglas, et al. “Two Blades of Grass: The Impact of the Green Revolution.” *Journal of Political Economy*, vol. 129, no. 8, Aug. 2021, pp. 2344–84. https://doi.org/10.1086/714444.

Negative environmental effects have also stemmed from the Green Revolution. Many of the crops that have taken large portions of food supplies–wheat and soybeans, for example–have contributed large amounts of greenhouse gasses in the atmosphere through the carbon cycling process. Tangentially, the growing of the crops has also employed significant use of gas for transportation and natural gas for fertilizer. Excessive use of phosphorus and nitrogen fertilizer causing runoff in waterways has been toxic to marine populations.

Designing agricultural policy is a venture that expands beyond steps in the first short-term agricultural productivity. Since subsidies can be used as mechanisms to develop countries, they must regard the extenuating effects of the subsidies. Sustainable practices, equitable distribution, and inclusive governance are, therefore, crucial for building resilient and thriving agricultural systems that contribute to long-term development goals.

Current Situation

Achieving strong agricultural development involves many issues: poverty alleviation, environmental sustainability, resource access, and climate change. Many countries have been challenged with these issues, and they present an opportunity to bolster the industries of many rural areas. This is profoundly important to the impoverished populations since, according to the World Bank, over eighty percent of the world's impoverished live in rural regions[17].

One way to raise the agricultural output of rural areas are agricultural subsidies. Developing countries like Malawi have implemented voucher programs to subsidize fertilizer and seeds for independent farmers to great effect. A BBC article from 2011 reported that in four years Malawi went from producing enough food for half of its population to an amount that allowed them to export stock[18]. Although there were declines in production from 2015 to 2016, there was a reported continuous increase from 2004 to 2014.

But these positive effects have not necessarily affected independent farmers. Producers of the farmer's fertilizer and seeds are created by large, multinational agribusinesses that have leveraged their political might to fund programs like Malawi's subsidies. Without them, however, production would be far lower. Soil degradation from fertilizer use creates a positive feedback loop that causes a subsequently increased demand for fertilizer. As an article from the Oakland

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[17] "Castaneda, Andes; Doan, Dung; Newhouse, David; Nguyen, Minh Cong; Uematsu, Hiroki; Azevedo, Joao Pedro. 2016. Who Are the Poor in the Developing World?. Policy Research Working Paper;No. 7844. © World Bank, Washington, DC. http://hdl.handle.net/10986/25161 License: CC BY 3.0 IGO."

[18] "BBC NEWS | Business | Malawi's Maize Miracle." BBC, news.bbc.co.uk/2/hi/business/8363914.stm.

Institute puts it: farmers don't benefit while their land becomes less productive, paralleled by increasing fertilizer costs[19].

The intensive farming that is characterized by substantial use of fertilizer can cause biodiversity loss, water pollution, and soil erosion. This is a large concern since, according to a paper from the OECD[20] citing subsidies with unconstrained variable input use could be environmentally harmful. Encouraging sustainable methods is essential to maintaining agricultural output in the long run. Examples of these are organic farming and water-saving irrigation techniques.

One irrigation technique is "alternate wetting and drying", a method of intermittent irrigation. Studies like Chakravoty et al's 2023 research on the technology highlight the potential benefits for water sellers and environmental sustainability, while focusing on the results of Randomized Control Trials about the conditions under which the most water is conserved[21]. Using research to design and create policies like these can create an understanding of the incentives that have a stake in communities, maximizing positive impact and minimize unintended consequences.

In an article from Basis at UC Davis, it was noted that agricultural risks like natural disasters have become more common because of climate change[22]. These occurrences have

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[19] Currier, Andy. "Oakland Institute Blog Post." oaklandinstitute.org, 23 Jan. 2020, www.oaklandinstitute.org/blog/malawi-failure-input-subsidies-new-path-forward-fight-hunger.

[20] Henderson, B. and J. Lankoski (2019), "Evaluating the environmental impact of agricultural policies", OECD Food, Agriculture and Fisheries Papers, No. 130, OECD Publishing, Paris, https://doi.org/10.1787/add0f27c-en.

[21] Chakravorty, Ujjayant, Manzoor H. Dar, and Kyle Emerick. 2023. "Inefficient Water Pricing and Incentives for Conservation." American Economic Journal: Applied Economics, 15 (1): 319-50.

[22] "Developing Countries and the Future of Small-scale Agriculture." *Feed the Future Innovation Lab for Markets, Risk and Resilience*, basis.ucdavis.edu/developing-countries-and-future-small-scale-agriculture.

caused small farms to decrease their expenditures as natural disasters affect their yields. But even the threat of natural disaster, the article noted, is enough to cause farmers to decrease their spending on agricultural products that increase their yields, causing a long-term slowdown in their production.

Investing in rural infrastructure, such as irrigation systems, storage facilities, and transportation networks, is also critical for enhancing agricultural productivity and connecting farmers to markets. Tanzania's 29.2% increase in budget allocation in 2022, for example, made room for subsidies, agricultural infrastructure investment, and farming technology research[23]. These policies address the issues identified in Tanzania's agricultural system by organizations like USAID–some related to financial resource access. The aforementioned article from UC Davis notes some efforts aiming to solve the issues of small farmers in rural areas. Countries like Malawi and Nigeria have become the sites of studies connecting farmers to markets with mobile phones. One study in Rwanda is connecting farmer cooperatives with large customers, also increasing market access. Identifying potential areas of improvement shapes the arc of policies with larger scopes.

Bringing policies of one nation encourages greater efficiency in the path towards increasing food production. Multilateral institutions like the Food and Agriculture Organization (FAO) and the World Trade Organization (WTO) play a vital role in facilitating knowledge sharing, promoting best practices, and advocating for policies that support sustainable agricultural development. The FAO's research-backed Hand-in-Hand Initiative has allowed the organization to identify areas where agricultural transformation could have the largest impact.

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[23] "Tanzania Budget Growth and Opportunities." International Trade Administration | Trade.gov, www.trade.gov/market-intelligence/tanzania-budget-growth-and-opportunities.

Subsequently, they can tie together capital-bearing and civil society organizations to develop programs run by country officials. These programs can have real effects.

Kenya provides one example of modern programs making changes in its agricultural industry. Its government has implemented various digital agriculture initiatives, such as providing farmers with access to weather forecasts, market information, and mobile payment platforms[24]. These initiatives have empowered farmers to make informed decisions, improve market access, and increase their incomes. This shows the potential of technology to drive agricultural development.

Agricultural development in developing nations is complex. Navigating the interconnected challenges of poverty, climate change, environmental sustainability, and trade distortions requires a nuanced approach that balances economic growth with equitable distribution, embraces innovation, and fosters international cooperation. Understanding the current situation and learning from case studies can help build a more sustainable and resilient future for agriculture in developing nations, crucially contributing to global food security and poverty reduction.

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[24] Netherlands Enterprise Agency. "Digital Farming in Kenya." Ministry of Foreign Affairs, Nethetlands, www.rvo.nl/sites/default/files/2019/12/Digital-Farming-in-Kenya.pdf.

Bloc Positions

Tanzania – Infrastructure and Resources

The International Trade Administration reports that 30% of Tanzania's GDP is from its agricultural sector with nearly three quarters of the workforce employed in it, too[25]. Recent decades, however, have seen little increase in productivity for farmers, stymieing growth in the country. Government initiative in modernizing agriculture through infrastructure investment, subsidies, and research has marked action towards revamping agriculture in Tanzania. But making an impact on small, independent farmers who compose a large portion of the agricultural sector poses an access issue. Two issues to act on are presented: linking farmers to agricultural input and output markets and subsequently providing them with resources.

The Kikwete administration created the Big Results Now initiative; some of the tenets involve commercial farming models, linking small farmers to markets, and investing in landholders' production. Some factors are out of the scope of initiatives, though. With irrigation systems dependent on rainfall, physical factors of production are becoming limiting factors for yields as climate change takes effect on the country. Technology like alternate wetting and drying systems may make some strides in this regard. Broadly, ECOFIN could support supplementing funding for this initiative while bringing efficient agricultural technology to Tanzania through organizations like the Food and Agricultural Organization.

Latin America and the Caribbean – Climate Adaptation

[25] "Tanzania - Agriculture and Agricultural Processing." International Trade Administration | Trade.gov, www.trade.gov/country-commercial-guides/tanzania-agriculture-and-agricultural-processing.

Researching risk-reduction agricultural strategies, the Food Agricultural Organization found economic benefits when farmers employed these strategies. Some of these had a direct impact on reducing natural disaster's effects on farmers. This is especially important for some areas like Latin America and the Caribbean where a third of the population are at risk for environmental disaster. Involving itself in the establishment of risk and monitoring systems throughout the region, the Food Agricultural Organization has supported governments in Guatemala, Haiti, St. Vincent, the Grenadines, Paraguay, Honduras, and Nicaragua. It is, thus, a primary avenue to increasing the durability of agricultural sectors in the region. Other areas could use this government-partnership strategy employed by the FAO alongside international funding for their agricultural sectors in the context of climate change.

Countries in the regions are highly dependent on their agricultural sectors, but weather hazards have caused governments and farmers to spend large amounts to recover losses. The World Bank reports that between 1 and 9 percent of the GDPs of countries in the Caribbean over the past two decades have been spent on dealing with the effects of weather hazards[26]. Insurance companies can reduce the effect of direct losses of governments, so a recent initiative of the World Bank has aimed to solve the lack of insurance in the region. Reports from the FAO indicate that most of the land in the region is for independent small farmers with 10 hectares or less of land, so the bank placed an emphasis on reaching these farmers in its recent policies[27]. Specifically, it established the Caribbean Catastrophic Risk Insurance Facility for natural disaster

[26] World Bank Group. "Agriculture in the Dominican Republic: Highly Vulnerable, Mostly Uninsured." *World Bank*, 7 July 2013, www.worldbank.org/en/news/feature/2013/04/26/Agricultura-Republica-Dominicana-desastres-naturales.

[27] *Agriculture in Developing Countries Suffered 23% of All Damage and Loss Caused by Disasters*. 13 June 2017, www.preventionweb.net/news/agriculture-developing-countries-suffered-23-all-damage-and-loss-caused-disasters.

reconstruction as well as implementing market-based protections for farmers; other regions have made efforts to establish similar programs.

Making changes to the way farmers farm has also become a priority of the bank;s agriculture policy. Similar to national initiatives in Tanzania, the World Bank is attempting to expand access to technology to reduce farmers' vulnerability and increase their productivity.

Chile

Sitting on the Ring of Fire, earthquakes are the natural disaster that most affect Chileans, but forest fires, volcanic events, polar spells, and others have as well. Together, they have caused large agricultural losses for the country over the past few decades. A 2010 earthquake and its successive effects (loss of fishery and irrigation capacity, for example) caused economic losses of $30 billion or 18% of Chile's GDP[28]. Climate change's more typical effects on the physical factors of production for crops (irrigation, for example) are expected to shift where and how much of the country's main crops are grown.

Chile's government has established two strategies to prop up its farmers: information systems and the use of financial instruments. Information on agro climatic risks have reached farmers through platforms created by Chile's Ministry of Agriculture. This has helped farmers inform their decision making, although access has been concentrated around the urban Santiago area and the digital divide may be a cause for a possible divide in access. More than serving information, the Chilean government is adapting their platform to incorporate the opinions of meteorologists and other stakeholders to develop advice on farming techniques given changing climate situations. Agroseguros, the Chilean Economic Development Agency's Agricultural

[28] OECD/FAO (2021), *Building Agricultural Resilience to Natural Hazard-induced Disasters: Insights from Country Case Studies*, OECD Publishing, Paris, https://doi.org/10.1787/49eefdd7-en.

Insurance committee, has distributed agricultural insurance subsidies. Of the 10.2 million in funds distributed, 56% went to microenterprises, 31% to small businesses, 8% to medium-sized enterprises, and 5% to large companies[29]. Through this policy, the government has made inroads with smaller farmers, creating a policy implementation other countries could use. This implementation has some issues though; namely, there is a lack of information making it across institutions involved in the dispensing of subsidies, causing uncertain allocations of budgets.

Rapidly growing countries standing on the stage of climate change's effects could benefit from using Chile as a case study for improving their own policies.

Developed countries, generally

Again, developed countries can get involved in developing countries' development. In some cases, this is a matter of ensuring their economic protection. The Government of Japan provided a grant alongside the World Bank to establish the aforementioned Caribbean Regional Risk Insurance Facility. More generally, though, developed countries can open up their agriculture market to the products of developing countries. The closure of the US' agriculture market to Cuba resulted in woes amongst farmers about the lack of revenue. Preventing issues like this can ensure companies stay on track when developing.

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[29] "Building Agricultural Resilience to Climate Risks." *Food and Agriculture Organization of the United Nations*, www.fao.org/3/cb7062en/cb7062en.pdf.

Questions to Consider

- What role can land tenure security play in incentivizing investments and innovation in smallholder agriculture?
- What mechanisms can be established to support developing nations in adapting their agricultural practices to cope with climate change? How can early warning systems and disaster preparedness be integrated into agricultural planning to mitigate the impact of climate change?
- What innovative practices and technologies can be promoted to reduce water pollution, soil erosion, and other environmental impacts of agriculture? Similarly, how can concerns of biodiversity and protecting natural resources be balanced with increased agricultural production and productivity?
- How can international cooperation foster the sharing of best practices for sustainable agricultural practices across developing nations? What role can regional trade agreements play in promoting agricultural development and economic growth in developing countries?
- What investments in rural infrastructure, such as irrigation systems and storage facilities, are most needed to drive agricultural development? Similarly, how effective are agricultural subsidies in achieving desired outcomes for different targets?
- What are the successes and challenges of specific agricultural development programs in different countries? What lessons can be learned from these case studies to inform policy proposals for the committee resolution?

- What role can multilateral organizations like the FAO and the WTO play in promoting best practices, facilitating information sharing, and advocating for policies of sustainable agricultural development?

Important Resources for Research

- Organization for Economic Co-operation and Development
- World Trade Organization
- International Trade Administration (country reports)
- Food and Agricultural Organization
- ECOFIN Press Releases
- Center for Strategic and International Studies
- Council on Foreign Relations
- Building Agricultural Resilience to Natural Hazard-induced Disasters
- 'Food Policy for Developing Countries' book talk by Per Pinstrup-Anderson
- Greening Agricultural Subsidies: Understanding the WTO Debate
- Repurposing Environmentally Harmful Subsidies Could Help Address Climate Ch…
- Ruth Hall - The Political Economy of Agricultural Policy Processes in Africa

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Topic 1

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