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**CIVIL SOCIETY STATEMENT  
ON THE  
IMPLICATIONS OF HIGH FOOD AND ENERGY PRICES  
FOR ECONOMIC MANAGEMENT**

Paper for the Commonwealth Secretariat\*

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\* Paper prepared by the Commonwealth Foundation. The views expressed do not necessarily represent the position of the Commonwealth Secretariat or member Governments of the Commonwealth.

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**CIVIL SOCIETY STATEMENT  
FROM THE CONSULTATION ON THE  
2008 COMMONWEALTH FINANCE MINISTERS' MEETING (CFMM)  
CASTRIES, SAINT LUCIA, 8-10 JULY 2008**

**THEME: THE IMPLICATIONS OF HIGH FOOD AND ENERGY PRICES FOR  
ECONOMIC MANAGEMENT**

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**PREAMBLE**

1. We, representatives and leaders of civil society organisations from across the Commonwealth, met in Castries, Saint Lucia, from 8 to 10 July 2008 to assess the impact of the food and energy crisis on the poor and to mobilise civil society opinion and build consensus in advance of the 2008 Commonwealth Finance Ministers Meeting (CFMM) on what role civil society can play to make a meaningful impact on sustainable development and poverty reduction.
2. The theme of the pan-Commonwealth consultation - *the implications of high food and energy prices for economic management* - which is also the special theme for the 2008 Finance Ministers Meeting in Saint Lucia in October 2008, was chosen as high fuel and food prices pose different challenges in all Commonwealth countries and all members are currently developing policy responses to meet those challenges.
3. We acknowledge the support of the Commonwealth Foundation and the Caribbean Association for Feminist Research and Action (CAFRA) in convening civil society on these issues. We commend the Foundation for utilising the Commonwealth Finance Ministers' Meetings to develop a critical interface between governments and civil society. We thank the Commonwealth Finance Ministers for their commitment to engaging with civil society at their annual meetings.
4. The background paper commissioned by the Commonwealth Foundation<sup>1</sup>, and prepared for the consultation in Saint Lucia noted that a slowing world economy and the recent rise of food and energy prices represent two significant challenges in the short-term for the achievement of the Millennium Development Goals (MDGs). MDG 1 (eradicate extreme poverty and hunger) is critical to achieving the other MDGs, as poverty is the cause of hunger, illiteracy, disease and mortality of millions of people in the developing world. The agriculture sector plays a central role in achieving MDG 1, as 70 per cent of the poor in developing countries live in rural areas and depend on agriculture for their livelihood, while growth in the sector has a singularly more powerful impact on poverty reduction than any other economic sector<sup>2</sup>.
5. We note the Declaration from the Twelfth United Nations Conference on Trade and Development (UNCTAD) held in Accra, Ghana, in April 2008, that the challenges of

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<sup>1</sup> Rodriguez, L; The Implications of High Food and Energy Prices for Economic Management – a background paper prepared for the pan-Commonwealth civil society consultation on the Special Theme of the 2008 Commonwealth Finance Ministers Meeting, Commonwealth Foundation, July 2008.

<sup>2</sup> World Development Report 2008: Agriculture for Development, World Bank, available at: [www.worldbank.org/wdr2008](http://www.worldbank.org/wdr2008)

rising food and energy prices compounded by global economic uncertainties and climate change have the potential to decelerate global and developing countries' growth, undermine gains from poverty reduction efforts, and pose direct risks to the poor and to the social and political fabric in many countries.

6. We acknowledge the Declaration from the Food and Agriculture Organization High-Level Conference on World Food Security held in Rome, Italy, in June 2008 which significantly raised the profile of the current food and fuel crisis and which has highlighted the fragility of the world's food systems and their vulnerability to shocks. While there is an urgent need to address the consequences of soaring food prices through immediate support for agricultural production and trade, it is also essential to combine relevant medium and longer-term measures.
7. We note the recommendation of the G-8 Industrialised Nations Summit held in Hokkaido, Japan in July 2008 that subsidies and tariffs on biofuel production in developed countries need to be cut or removed. The NGO Forum preceding the G-8 Summit noted that although there is enough food in the world, speculative financing and biofuel policies benefiting the developed countries have driven up the prices of food.

## **EMERGENCY MEASURES**

8. We affirm that any chosen development approach should place people at the centre of national development plans and processes. We uphold that food security is a rights issue for all people.
9. To address the current food and fuel crisis, the global and national focus needs to be on enhancing the purchasing power of workers and consumers and on trade, rather than aid or charity. In light of the above, a number of issues and concerns related to the soaring food and fuel prices must be addressed.

### *Recommendations*

10. The CSO consultation therefore calls on **Commonwealth governments** to:
  - Ensure that the prices of basic food items are affordable to the poor. Precautionary measures should include for example, a temporary reduction or elimination of import tariffs and taxes on basic food grains, and restriction of exports of basic food items.
  - Urgently consider the removal of government levies and taxes on fuel to lower the impact of high prices on consumers, particularly the poor.
  - Provide emergency safety nets and social protection support to the most destitute and vulnerable consumers including, pregnant women, children and the elderly, in both urban and rural areas, through cash transfers, vouchers, food for work, and direct food distribution. Rural households need to be supported with essential inputs like locally adapted seeds and fertilisers and access to land.

- Assist developing Commonwealth countries in developing or increasing their national food stocks through strategic reserves and food banks, while avoiding commercial hoarding.
- Immediately pronounce cuts in defence and other military expenses, rather than cuts in development expenditure, and divert those resources to food and energy security and job creation.

## **KEY ISSUES AND RELATED RECOMMENDATIONS**

11. To address implications of high food and energy prices for economic management, a number of issues must be considered.

### **Governance**

12. Often government ministers and officials are opposed to civil society leaders and organisations and openly criticise them for holding views contrary to those of government. Civil society leaders being close to the grassroots often articulate views which meet resistance from government but resonate with the direct beneficiaries of their programmes and projects.
13. A lack of food security will give rise to xenophobic attacks on minority communities in the Commonwealth. The corresponding rise in prostitution, human trafficking, gun violence and drug peddling will deflect government attention away from development to combating crime and violence. Large scale intra-community conflicts will arise, damaging housing, water and electricity infrastructure leading to new patterns of migration with unpredictable consequences on employment, human development and severely diminishing capacities in countries which need stability and economic growth to prosper.
14. Government and civil society should place greater emphasis on stamping out corruption. Governments and civil society can work together to ensure that it is exposed and dealt with harshly and that anti-corruption technologies and processes are entrenched in all aspects of government and civil society practice. The costs associated with corruption draw money away from the poor and marginalised; vital resources which governments can ill afford to squander.

### *Recommendations*

15. The CSO consultation therefore recommends that **Commonwealth governments:**
  - Enact legislation at the national level which will create an enabling environment for civil society organisations to register, operate and report on their activities such that democracy is broadened and deepened throughout the Commonwealth.
  - Institute practical and easily accessible modalities of access to government information on how the MDGs are being met and in this way encourage transparency and accountability regarding the achievements and challenges being encountered.

- Engage with civil society and other local actors, (as opposed to external consultants) on how to achieve the MDGs, assess performance and develop appropriate strategies in partnership with local actors to achieve them.
- Review policies regarding foreign direct investment such that countries are not impoverished overnight by capital flight at the whim of speculative investors.
- Urgently review and develop protocols that will enable an ongoing dialogue with affected CSOs regarding aspects of policy making and implementation such that principled relationships and committed partnerships can be engendered and collaboration can be strengthened.
- Strengthen government and Commonwealth structures to ensure the effective delivery of services and the elimination of corrupt practices at all levels.
- Develop long-term and people centred policies on sustainable land, forest, marine and water management and usage systems.

### **Millennium Development Goals**

16. Civil society recognises that the current context of rising prices of food and energy will make it more difficult for governments to achieve the MDGs, as they are forced to cut back development expenditures, in critical sectors such as health, education, and agriculture.
17. Civil society stresses that the needs of vulnerable groups including people with disabilities should be integral to government planning and that gender analysis in all aspects of managing trade, sustainable development and poverty alleviation should also be considered in national planning processes.
18. We urge Commonwealth governments not to lose sight of the work done towards the achievement of the MDGs. All efforts to address the food and energy crisis should be in line with the pathways to addressing the MDGs.

### *Recommendation*

19. The CSO consultation therefore recommends that **Commonwealth Finance Ministers**
  - Take into account the needs of the people especially the most vulnerable through regular consultation and interaction with civil society with a view to assessing progress towards the MDGs in the local context and deciding on appropriate strategies to achieve them.

### **Food security**

20. The recent escalation of food and energy prices has transformed the issue of the availability of food and access to it from a difficult development problem into an emergency. The promotion of biofuels as an alternative to petroleum has led to a significant acreage shift from the cultivation of foods crops to biofuels. Rising food prices have pushed over one hundred million people below the poverty line. Civil society is concerned about the impact of the food and energy crisis on the lives of people across the world living on the edge of poverty and hunger. As the crisis deepens, and poverty and hunger worsens, it will make the achievement of the

Millennium Development Goals unrealistic and could lead to eight lost years of progress towards the MDGs.

### *Recommendations*

21. The CSO consultation therefore calls on **Commonwealth governments** to:
- Implement genuine agricultural reforms in order to attain food sovereignty and food self-sufficiency through, *inter alia*, support to small farmer producers, especially the most vulnerable groups for them to access credit, markets and transport, appropriate technology, access to resources such as land, water and seeds.
  - Support and fund cooperative farming and small farmer producers, especially the most vulnerable groups with access credit, markets and transport, appropriate technology as well as, access to resources such as land, water, and seeds.
  - Adopt an integrated framework that addresses the issues of food safety, food security, land holdings issues and food sovereignty at all levels especially for vulnerable and affected groups.

### **Resources – Land, Water, Energy, and Capital**

#### *Land*

22. The ownership of land in many developing countries is extremely skewed. Women who represent over 50 per cent of the world's population and provide 60-80 per cent of the world's agricultural labour own less than 5 per cent of the world's land<sup>3</sup>. More than 80 per cent of farmers in Africa are women, yet women in many African countries do not have secure rights to the land they farm.
23. Ownership of, and access to, land is crucial for a large majority of the population in developing countries as it very often paves the way to reach out to other productive resources such as credit, technology, information, energy and water because very often land is used as collateral.

#### *Capital*

24. The world has a hugely unequal distribution of wealth. World Bank, International Fund for Agricultural Development (IFAD), and Food and Agriculture Organization (FAO) studies show that large farmers receive more credit per acre than the smaller farmers in most developing countries from the banks. While, the poor farmers are dependent on the local moneylenders who charge excessive interest rates. This pushes poor farmers further into debt.

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<sup>3</sup>Barrister Harun ur Rashid in *The Daily Star*, Bangladesh, Issue No. 59, 8 March 2008, <http://www.thedailystar.net/law/2008/03/02/index.htm>

## Energy

25. Some 2.5 billion people in developing countries, mainly in rural areas, have little access to commercial energy services.<sup>4</sup> As energy costs have quadrupled and food costs have gone up radically in the recent past, a large number of the urban poor are being made destitute. The world richest 20 per cent consume nearly 60 per cent of the total energy supply.<sup>5</sup> Furthermore, the poor spend more money on energy sources, like kerosene and wood fuel than they do on electricity.
26. Access to an affordable and reliable supply of energy is a must for poor people to sustain and improve their livelihoods. The role of women deserves particular attention in dealing with energy services. Seventy percent of the poor in the developing world are women, just as most of the informal sector enterprises are owned and operated by women.

## Water

27. Clean water is essential to remain healthy and productive, but one in six of the world's population lack access to clean drinking water, and 2.4 billion lack sanitation<sup>6</sup>. Approximately 70 per cent of all available water is used for irrigation.<sup>7</sup> Since, a large majority in rural areas of developing countries are either landless or small farmers their access to irrigation water is also skewed. The large scale farmers who happen to be powerful political leaders in many developing countries have more control over irrigation systems. Similarly, across countries and within countries serious disputes between upper and lower riparian valleys exist over the distribution of river water.
28. The unabated commercialisation of the means of traditional community livelihoods e.g. forests, land, water and fisheries have not only deprived millions of people from developing countries of their century's old resources and skills but has also damaged the environment. Big corporations are forcing small enterprises out of the market. Climate change has also severely affected a large number of people in Africa and Asia as the frequency and levels of flooding, cyclones, and drought increase. Sea levels are also rising and wetlands are being eroded. Both natural and man-made processes and policies have made millions of people more food insecure and more vulnerable.

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<sup>4</sup> UNESCO Water Portal Weekly Update No. 110: Water and Energy, 9 September 2005, available at <http://www.unesco.org/water/news/newsletter/110.shtml#know>

<sup>5</sup> Saghir J and O'Sullivan K: Background Note for Participants, World Bank Global Seminar Series, Towards a Sustainable Energy Future, 2006

<sup>6</sup> Extracted from the Executive Summary of the World Water Development Report, *Water Power and Dam Construction*, 1995. Assistance Programme. International Water Power and Dam Construction Handbook. Surrey, Sutton Publishing. International Journal on Hydropower and Dams, 1997. 1997 *Atlas of Hydropower and Dams*. Sutton, Aqua-Media International Ltd available at [http://www.unesco.org/water/wwap/facts\\_figures/water\\_energy.shtml](http://www.unesco.org/water/wwap/facts_figures/water_energy.shtml)

<sup>7</sup> Water for People, Water for Life: The United Nations World Water Development Report, Berghahn Books, New York, 2003.

### *Recommendations*

29. The CSO consultation therefore calls on **governments of developed Commonwealth countries** to:
- Provide technical and financial support to developing countries to develop a framework for agrarian reforms in order to reduce rural poverty;
  - Help develop pro-poor sustainable land, forest, marine and water use policies;
  - Help develop efficient energy use policy;
  - Place greater emphasis on the use of renewable forms of energy. In the case of the development of biofuels, proper research into the impact of such policy on the lives of vulnerable people must be undertaken;
  - Increase affirmative economic action for development to the extent of 1 per cent of their GDP to achieve MDGs in less developed Commonwealth countries;
  - Increase support for research and development in agriculture and renewable energy to reduce dependency on oil-based products; and transfer technology to the developing countries of the Commonwealth.

### **Natural Disasters**

30. Civil society has been playing a leading role on environmental issues within and across countries for many years. This includes awareness raising and advocacy for policy change. In 2005, at the Commonwealth People's Forum held on the eve of the 2005 Commonwealth Heads of Government Meeting in Malta, civil society urged governments to prepare an action programme on climate change. In July 2007, civil society in collaboration with the Commonwealth Foundation prepared its statement on climate change in advance of the 2007 CFMM held in Georgetown, Guyana.
31. We reiterate and endorse the recommendations in the civil society statement on the special theme of the 2007 Commonwealth Finance Ministers Meeting, and further urge Ministers to consider the following issues and policy recommendations on climate change, disasters and their impact on vulnerable communities. We know that natural disasters can erode achievement of the MDGs and other development work of decades in hours.
32. Governments must also instil trust in their disaster reporting mechanisms. A responsible press, either state owned or private, plays a huge role in the dissemination of critical information not only locally but also regionally and globally.

### *Recommendations*

33. The CSO consultation therefore appeals to **Commonwealth Finance Ministers** to allocate resources to:
- Integrate climate change policies, disaster management and prevention as a part of government planning;
  - Develop effective climate, environment and disaster risk reduction policies and mechanisms at all levels i.e. globally, regionally and nationally;
  - Reduce vulnerability and enhance capacities of disaster affected communities;

- Link MDGs with climate change as changing weather patterns are seriously affecting the productivity of some regions;
- Ensure that the role of civil society organisations is not limited to disaster prevention, relief assistance and risk-free rehabilitation only, but also in policy formulation as they can provide voices of the disaster affected communities;
- Install effective and timely early warning systems in all risk areas.

## **Trade**

34. Civil Society is concerned about the impact of the food and energy crisis on international trade, especially for net importers which bear greater impacts on their national budgets and in particular their balance of payments. This impact could constrain governments in the provision of essential services such as health and basic utilities like electricity. The crisis will even constrain developed Commonwealth countries in meeting international trade requirements. The current trade negotiations towards tariff liberalisation will also affect revenues.
35. The national capacities available in government, the private sector and civil society to implement the international trade requirements are very limited. This further restricts governments' ability to realise opportunities arising from trade negotiations as a result of the crisis. Civil society is also concerned about the national trading environment because consumers will face higher prices from unfair trade practices especially in countries where the enforcement of consumer protection laws does not exist.
36. Civil society is concerned about the impact of international trade rules on the food and energy crisis. The failure of the Doha Round to address the two critical issues of the reduction of domestic subsidies in the developed countries; and the provision of a flexible safeguard mechanism for developing countries will exacerbate the food crisis as the dumping of cheap produce will continue endangering the livelihoods of millions of farmers. The current trade negotiations in the Economic Partnerships Agreements (EPAs) and WTO are geared towards further tariff liberalization which will drastically reduce governments' revenue base. This impact will constrain government's ability to provide essential services such as health and basic utilities like electricity.
37. We stress to governments the need to revisit the trade liberalization policies affecting government revenues to ensure that basic government services are protected in national budgets.
38. We seek consensus amongst countries to suspend the current EPA negotiations and propose that the European Union take stock of the impact of the food and energy crisis on trade negotiations.

## *Recommendations*

39. The CSO consultations calls on **Commonwealth Governments** to:
  - Ensure that the ongoing negotiations provide adequate policy space to developing and poor countries to pursue policies that promote and safeguard the livelihoods of their people;

- Ensure the effective participation of all stakeholders, including parliamentarians and civil society, in all trade, investment and intellectual property negotiations at multilateral, regional and bilateral levels;
- Strengthen the enforcement of consumer protection laws and competition policies at national and regional levels to ensure that consumers are protected from unfair trade practices;
- Seek opportunities and collaboration on domestic, regional and South-South trade such as domestic industrialization and import substitution policies that benefit the local economy and citizens;
- Support the International Arms Trade Treaty<sup>8</sup>.

## CONCLUSION

40. **Civil society** stands ready to work in partnership with governments to address the food and energy crisis in a more sustainable manner through:
- Creating national platforms involving all key stakeholders to work towards the achievement of MDGs;
  - Tracking aid money given to CSOs, ensuring that resources have reached the ones who need it most;
  - Enhancing South-South networking and information sharing among Commonwealth countries; and
  - Committing to working with vulnerable groups, and particularly people with disabilities, to ensure greater integration in development processes.
41. We thank the Commonwealth Finance Ministers for taking the time to consider our recommendations. We acknowledge and appreciate the space provided by the Ministers for civil society organisations to participate in their Meeting.
42. As the Commonwealth community focuses on addressing the challenges of the food and energy crisis, we hope and pledge to continue to dialogue and collaborate with Commonwealth Finance Ministers and governments on these critical issues.

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<sup>8</sup> United Nations document GA/DIS/3335 available at <http://www.un.org/News/Press/docs/2006/gadis3335.doc.htm>