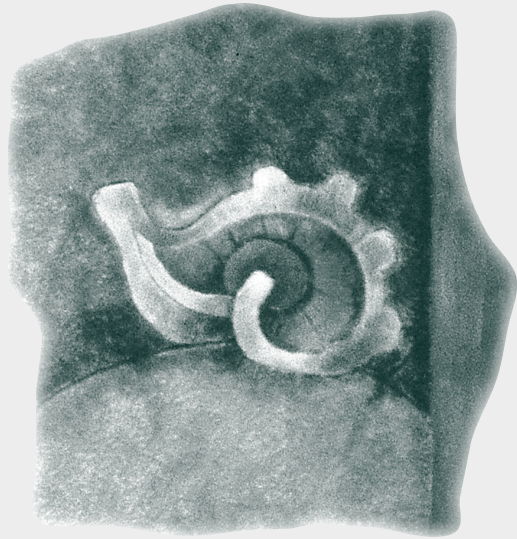

PART V

International Actions



CHAPTER 10

Harnessing Global Forces for Poor People

Throughout this report we have seen that policies and institutions at the country and local level are the keys to enhancing the opportunity, empowerment, and security of poor people. But the lives of poor people are also affected by forces originating outside their countries' borders—global trade, capital flows, official development assistance, technological advance, diseases, and conflicts, to name just a few. Actions at the global level are therefore crucial complements to country-level actions. They can accelerate poverty reduction and help narrow the gaps—in income, health, and other dimensions—between rich countries and poor.

This chapter discusses four key areas of international action for poverty reduction:

- Expanding market access in rich countries for developing countries' goods and services.
- Reducing the risk of economic crises.
- Encouraging the production of international public goods that benefit poor people.
- Ensuring a voice for poor countries and poor people in global forums.

Also important for poverty reduction is development cooperation—foreign aid and debt relief—discussed

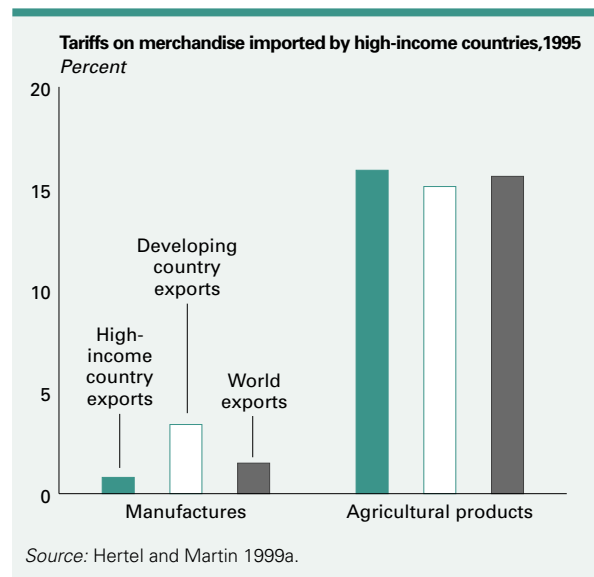
in chapter 11. Other global forces that affect the poor include international labor migration, commodity price volatility, global warming and environmental degradation, promotion of political and human rights, and the international arms sales and trade in illicit gems that spur or prolong conflict in countries. Several of these were discussed in last year's *World Development Report*.

Expanding market access in high-income countries

At first glance, it seems that rich countries benefit more from the opportunities of the global economy. After all, they have averaged faster growth than poor countries over the past 40 years. But it is also true that poor countries that are more integrated with international markets have grown as fast as or faster than rich countries.¹ As chapter 3 detailed, trade can provide a powerful engine for growth and poverty reduction. It has also been argued that trade with richer countries can speed the process of “catch-up.”²

Expanding access to rich country markets can thus do much to help poor countries grow faster and to

Figure 10.1
High-income countries protect manufacturing and agriculture



reduce poverty in the developing world. This is particularly so for agricultural products, since more than two-thirds of the developing world's poor people live in rural areas. Not only do foreign markets represent important sources of demand for developing countries' agricultural goods—because the demand for basic food products is inelastic—but exporting can expand nonfarm employment and stimulate the entire rural economy. Agricultural exports have been shown to be a strong determinant of overall agricultural growth.³ So it is disturbing that while world trade in manufactured products expanded at 5.8 percent a year from 1985 to 1994, agricultural trade grew at only 1.8 percent.

One reason for this slow growth is the continuing protection of agricultural products by developed countries—protection not only through tariffs and quotas but also through export subsidies.⁴ The tariffs that high-income countries impose on agricultural goods from developing countries, especially such staples as meat, sugar, and dairy products, are almost five times those on manufactures (figure 10.1). The European Union's tariffs on meat products peak at 826 percent.⁵ These barriers are huge obstacles for developing countries striving to break into export markets. High-income countries' agricultural tariffs and other distortions, such as subsidies, have been estimated to cause annual welfare losses of \$19.8 billion for developing countries—equivalent to about 40 per-

cent of the official development assistance given to developing countries in 1998.⁶ This is a serious setback to development efforts in poor countries.

In general, trade reforms in poor countries have failed to deliver their full benefits because they have not been matched by reforms in rich countries. For manufactured goods (including food products), which now account for almost three-quarters of developing country exports, tariffs facing developing country exports to high-income countries are, on average, four times those facing industrial country exports to the same market.

High-income countries' tariffs are not only higher for manufactures from developing countries, they also escalate with the level of processing. For example, in Japan and the European Union fully processed food products face tariffs twice as high as those on products in the first stage of processing. In Canada the ratio is even higher, with tariffs on fully processed food products 12 times those on products in the first stage. This escalation can discourage industrialization efforts in developing countries.

Developed countries' trade barriers can place significant constraints on poor countries' efforts to grow. Finding ways to unblock the political obstacles to removing such barriers would do much to aid poverty reduction in the developing world. By some estimates the welfare losses for high-income countries from their own distortionary trade policies are large—\$63 billion a year for agricultural distortions alone.⁷ It should be feasible to put in place compensatory mechanisms for the relatively small—but politically powerful—groups of producers as part of an agreement to lower trade barriers. But more than anything, reducing trade barriers will require real political will on the part of the leaders of developed countries. Special priority should go to reducing the scope and scale of protection on agricultural goods, labor-intensive manufactures, and services.

Reducing the risk of economic crises

As chapter 9 details, economic crises in developing countries can be devastating for poor people. So creating the conditions for macroeconomic stability is essential for enhancing the security of the poor and avoiding reversals in poverty reduction.

Countries can take measures on their own to reduce the risk of macroeconomic crises (chapter 9). Among the

most important are sound macroeconomic policies and adequate prudential regulation and supervision of financial institutions. But even if a country follows such policies, it can still be hit by contagion and by waves of panic or herd behavior in world capital markets. A premium must therefore be placed on ensuring stability in the international economy, particularly in the financial sector.

International efforts to achieve stability, intense during the Asian crisis, have tapered off as the crisis eased. One focus has been to create and enforce international standards for financial data dissemination and financial practices. The goal is to ensure that financial markets and the public have timely and reliable data for making decisions—and to ensure that financial institutions run effectively. Toward this end, the International Monetary Fund (IMF) has developed standards on financial data dissemination, financial sector soundness, and fiscal, monetary, and financial transparency. Other standard-setting bodies are working on bankruptcy, corporate governance, securities market regulation, and accounting and auditing.

But efforts have stalled in other areas. For example, there has been little progress in setting up early warning devices that could alert the international community to danger.⁸ Efforts have been similarly unproductive in designing clear guidelines for private sector involvement in crisis prevention and resolution, which can limit moral hazard, strengthen market discipline by fostering better risk assessment, and improve the prospects for both debtors and creditors in debt workouts. There is a risk that an apparent lack of urgency in the aftermath of the Asian recovery could lead to inaction—but history teaches that more crises are a real possibility.

Recognizing this, developing countries may wish to implement short-term safeguards to limit their exposure.⁹ These safeguards are of two types: controls on capital flows and measures to enhance liquidity. Controls on capital—including Chilean-type taxes on inflows, quantitative controls on the banking sector's international short-term liabilities, and restrictions on capital outflows—have their problems, ranging from evasion to implementation difficulties and opportunistic imposition. They can also restrict a country's access to much-needed capital. But each type of control can be effective in some situations in dampening the volatility of capital flows, thus helping to prevent crises.

One way of enhancing a country's liquidity is to maintain higher reserves. But besides being expensive for the

government and perhaps creating a significant fiscal burden, even large reserves are likely to be inadequate in some situations. An alternative is to impose higher liquidity requirements on the banking sector, effectively shifting the burden of holding reserves to the private sector (and possibly making banks safer, with beneficial long-term effects). Another is to contract with an institution for a contingent credit line. Both private banks and the IMF offer such arrangements, which provide varying degrees of automatic access to credit at predetermined interest rates.

Even if these short-term safeguards are put in place countries will often be unable to withstand serious international volatility. That is why priority must be placed on increasing the momentum for international systemic financial reforms that promote stability and ensure the availability of liquidity for countries facing severe adverse shocks or hit by economywide crises.

Producing pro-poor international public goods

Many of the challenges facing poor countries have solutions that involve the production of international public goods. One important characteristic of public goods is the difficulty of restricting people from consuming them without paying—free riding—once they are produced. This characteristic means that if production of public goods were left to the market, there would be an under-supply unless the government stepped in to produce the goods or to provide incentives (such as subsidies) for their production. Governments have long intervened in this way, providing such national public goods as defense, infrastructure, law and order, and rules and standards.

The problem is more complex for international public goods, such as control of communicable diseases or research to raise yields in agriculture. Just as for national public goods, the incentives—for countries or for the private sector—to produce international public goods are weak or absent. But there is no world government to help spur the production of these goods—countries must decide to cooperate to produce them. Today, as international problems grow more pressing, attention is focusing on how this cooperation can be achieved.¹⁰

Indeed, international cooperation has had some remarkable successes in producing and spreading public goods. The green revolution—one of the 20th century's most important development advances—was an outcome of international research on high-yielding plant

Box 10.1 A success story: the fight against river blindness in Africa

The international effort to control river blindness (onchocerciasis) is one of the most successful programs in the history of development cooperation. A painful and debilitating disease caused by a parasitic worm, river blindness has been virtually eliminated in the 11 West African countries included in the Onchocerciasis Control Program. Before the program began in 1974, more than a million people were infected with the disease, suffering from itching, disfigurement, eye lesions, and, for 100,000 of them, blindness. When the program winds down in 2002, after a 28-year effort to eliminate the black flies that carry the parasite, 34 million people will be protected, 600,000 cases of blindness will have been prevented, and 5 million years of productive labor will have been saved.

Partners in the program have included African governments, local communities, international organizations, bilateral donors, corporations, foundations, and NGOs. A key contributor has been the Merck Corporation, which has distributed the drug ivermectin free of charge.

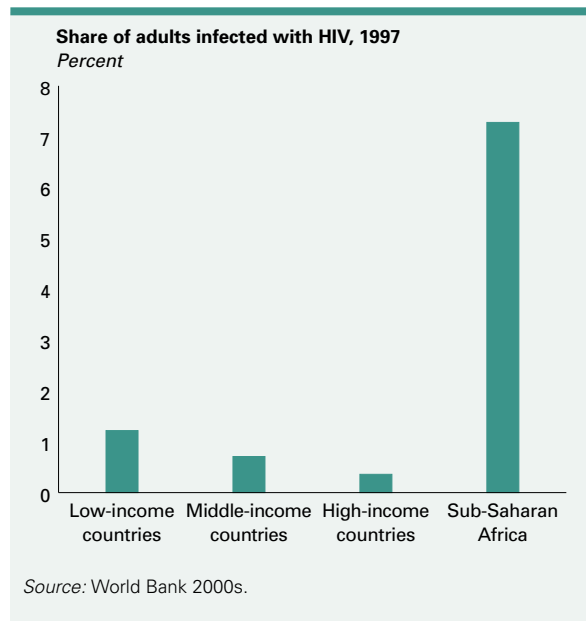
While the program has been highly successful, onchocerciasis remains a problem in countries outside the program area. So in 1996 the African Program for Onchocerciasis Control was created, extending the effort to control river blindness to the 19 remaining African countries where it is endemic. Seventy development partners participate in this project.

Source: World Bank (www.worldbank.org/gper).

varieties at institutes established around the world expressly to develop technologies to relieve the world's food problem. More recently, international cooperation in the campaign against river blindness in Africa brought tremendous benefits to 11 poor countries (box 10.1). Another success story is the Montreal Protocol on ozone depletion: 165 parties to the protocol agreed to full phaseout of 94 ozone-depleting substances.

Still, international public goods have received relatively little attention in international cooperation.¹¹ And there have been failures—the Kyoto Protocol on greenhouse gases that contribute to global warming, for example, has languished.¹² Given the potential that some public goods hold for poverty reduction, more attention to ensuring their provision is warranted. The benefits of such goods, and the difficulty of creating the right incentives for their production, are well illustrated by the attempts to control infectious diseases and boost agricultural yields—two international public goods that would do much to help poor people. There are many others, as well.

Figure 10.2
The burden of HIV/AIDS is heavily concentrated in Sub-Saharan Africa



Controlling infectious diseases

The potential benefits of international cooperation to control infectious diseases are exemplified in the AIDS pandemic. More than 34 million people worldwide are infected with HIV, and more than 18 million have died of AIDS.¹³ The epidemic continues largely unabated: 5.4 million people were infected with HIV in 1999, and some 15,000 are infected every day. AIDS has no cure—nor is there yet a preventive vaccine. More than 90 percent of the infections are in the developing world, nearly 70 percent in Sub-Saharan Africa (figure 10.2). Despite its concentration in developing countries, AIDS poses a risk to all countries—not only through its health effects but also through its destabilizing economic and social effects.¹⁴ The United States this year classified AIDS as a national security risk.

While preventive behavior is the key to controlling the epidemic, an effective vaccine could help dramatically.¹⁵ But progress in developing a vaccine has been slow. More than 25 candidate vaccines have been tested, but only one is in large-scale efficacy trials in humans. There are two main reasons for the slow progress. The first is scientific: the correlates of HIV immunity are unknown, and many different approaches will probably have to be tested in parallel, with little certainty about their effectiveness. This raises the up-front costs and risks for investors in AIDS vaccine de-

velopment. The second reason is economic: investors would likely take the risks associated with research if demand were sufficient, but there are too few market incentives to invest in an AIDS vaccine that would be effective and affordable in developing countries. Africa, for example, accounts for only 1 percent of world drug sales.

The result is that international investment in research and development for an AIDS vaccine is quite low—\$300–350 million a year.¹⁶ Of this, \$50–120 million is estimated to come from the private sector, which has a crucial role in converting research to product development and distribution. And most of the research focuses on a vaccine that could be marketed in North America and Western Europe. Only about \$10–25 million is spent annually on development of a vaccine for the virus subtypes and health systems of developing countries.¹⁷ In contrast, more than \$2 billion is spent each year on research and development for AIDS treatment, much of it in the private sector, driven primarily by the market represented by the 3 million people with HIV/AIDS in industrial countries.

What is true for AIDS is true for other diseases as well. The World Health Organization estimates that only 10 percent of the \$50–60 billion in health research worldwide each year goes for the diseases that afflict 90 percent of the world's people.¹⁸ Developing countries account for only about 8 percent of world spending on research and development, mainly because they lack resources.¹⁹ Of the 1,233 new medicines patented between 1975 and 1997, only 13 (1 percent) were for tropical diseases. The effect of the research and spending gaps is devastating: malaria, tuberculosis, and AIDS cause 5 million deaths a year—about 9 percent of all deaths in the world—most of them in developing countries. Even when medical remedies exist, countries may not be able to afford them. Despite an effective vaccine, hepatitis B still kills some 92,000 people a year, and chronic hepatitis B contributes to another 700,000 deaths through cirrhosis and liver cancer.²⁰ About 350 million people are chronically infected hepatitis-B carriers, able to transmit the disease for many years.

The international community could accelerate progress on vaccines in two ways. First, international organizations and national governments could “push” research and development by subsidizing or reducing the costs of vaccine development and strengthening the capacity of developing countries with a strong scientific base to be partners in vaccine research. For example, in 1996 the Rockefeller Foundation launched the International AIDS

Vaccine Initiative, an international nonprofit that stimulates investment in and demand for AIDS vaccines for global use. The initiative works with the public and private sectors on targeted support to research and development for novel vaccine approaches and on measures to reduce obstacles to private investment. Donor governments, for their part, could provide tax breaks or subsidies for product development relevant to poor countries.

Second, the international community could demonstrate or ensure a substantial future market in developing countries for vaccines. It could pledge to fully implement programs for the childhood vaccines already on the market (immunization rates in many countries have slipped in the past decade). To ensure a large market for vaccines in poor countries, it could create a fund or other credible precommitment mechanism for purchasing, for the poorest countries, many doses of vaccines shown to be both effective and affordable.²¹ Prices should cover not just production costs but some of the research costs as well. Multilateral development banks might also issue contingent loans for vaccine purchase to developing countries, to be released once a vaccine is developed. Similar arrangements could be put in place for other medical advances.

Boosting agricultural yields

Like advances in medical research, advances in agricultural technology can have profound effects on the lives of poor people (box 10.2). The green revolution is among the most famous examples of an international public good used for development. The revolution began when foundations, governments, and NGOs took the lead in trying to transfer to farmers in developing countries what scientists already knew about plant genetics and new high-yielding varieties of grains. Private companies had shown little interest because of the difficulty of making an adequate return on investments in new varieties—farmers could simply collect seeds from the original plants. Complementary public efforts at the national level were essential. Many developing countries (such as Brazil and India) established national agricultural research organizations to develop second-generation modern varieties better suited to local conditions. They also set up agricultural extension services to disseminate the knowledge to farmers and get feedback on the new varieties and cultivation techniques.

These efforts had a dramatic effect on the lives of the rural poor. In Africa the adoption of improved maize raised yields an estimated 12–14 percent, with gains as high as

Box 10.2 Research, maize, and pigs in rural Guizhou

Anyone who doubts the impact of agricultural research on farm income and household food security (and thus poverty) should visit rural areas in Guizhou, the poorest province of China. In remote villages, on small farms set in the mountainous countryside, there has been an almost miraculous turnaround in the lives of poor people thanks to the introduction of quality protein maize.

Until recently annual incomes were less than \$50 per capita, and for up to three months a year families had virtually no food. Then hybrids were introduced in Guizhou in 1994. Quality protein maize is higher yielding than conventional varieties, but more important, it has higher levels of two essential amino acids vital for the growth of children. Today the local people are better fed, and surplus maize has been used to produce pork, increasing food security and disposable incomes. The extra income has been used for yield-enhancing investments such as irrigation.

Having transformed the lives of 25,000 families in Guizhou, cultivation of the hybrid variety of maize is being adapted to neighboring provinces.

Source: Bale 1999.

40 percent reported in areas with favorable conditions.²² A survey in southern India concluded that the average real income of small farmers rose 90 percent in 1973–94 and that of the landless—among the poorest in farming communities—125 percent.²³ Higher productivity also brought lower prices. It has been estimated that wheat prices would have risen 34 percent more in 1970–95 without the international agricultural research efforts—rice prices, 41 percent more. And because of the lower prices, 1.5–2 percent fewer children in developing countries are malnourished.²⁴

Despite these advances, the growth rate of cereal yields in developing countries has been declining steadily, from 2.9 percent a year in 1967–82 to 1.8 percent in 1982–94. With demand for foodgrains in developing countries predicted to increase 59 percent in the next 25 years, the challenge for agriculture remains significant, particularly if yield growth is to be environmentally sustainable.²⁵

One type of technology that might make a significant difference is biotechnology—using living organisms to make or modify products to improve plants and animals. With far greater speed and accuracy than conventional technology, biotechnology can identify desirable traits and introduce them into plant and animal strains

(an example of such traits is increased nutritional quality, as in vitamin A rice). More research is needed on the potential benefits and risks of specific uses of biotechnology in developing countries. But it is likely that biotechnology, if steered by the right policies, including biosafety measures, could be a key part of the solution to the problems of food security and poverty.²⁶

So far, however, biotechnology has had little impact in most developing countries. Unlike the advances of the green revolution, much of the progress in biotechnology has been concentrated in the private sector. Government funding of agricultural research, so crucial in the green revolution, has stagnated or even declined, a casualty of general fiscal restraint and a more skeptical view of the social benefits of investing in science (despite the high returns on agricultural research).²⁷ Private institutions now hold a majority of the patents in biotechnology research, which makes the research excludable (box 10.3). Because the knowledge is private, the cost of acquiring it is much greater. Figuring out how to allow developing countries to capitalize on advances in biotechnology research remains a key challenge for policymakers concerned with food security and poverty. Part of the answer may lie in how intellectual property rights are used.

Safeguarding the interests of poor people in the intellectual property rights regime

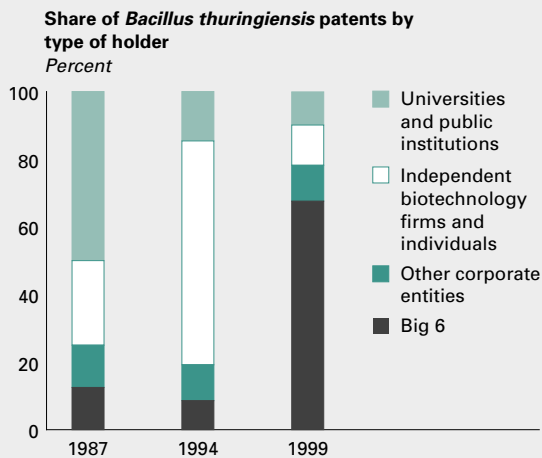
Intellectual property rights are important for encouraging innovation, particularly in such areas as medicine and agriculture. When creators of knowledge do not retain exclusive rights of ownership for a period of time, there is far less incentive to produce new knowledge. This was one of the arguments for laying down standards under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), negotiated in the Uruguay Round of trade negotiations in 1986–94. But intellectual property rights can sometimes prevent the distribution of potential international public goods helpful to poor countries, which can seldom afford the prices charged by patent owners.²⁸

Three trends in intellectual property rights are particularly worrying to developing countries. The first is that basic research and knowledge are increasingly being generated by private companies alone. The second is that industrial countries continue to account for the vast majority of patents worldwide—97 percent.²⁹ Only 31 of the 26,088 applications for patents filed in 1997 under the auspices of the African Intellectual Property Organization

Box 10.3 Most biotechnology patents are private

The public sector is often instrumental in pioneering biotechnology research, later transferring it to private firms. That pattern is evident in the utility and plant patents directly involving insect toxicity of the *Bacillus thuringiensis* (Bt) microorganism. Until 1987 the public sector held the majority of the patents. Since then the ownership of patents in force (whose overall number has increased) has shifted dramatically toward the private sector (see figure). Patents are now particularly concentrated in the “big 6,” the six large corporations actively consolidating their global positions in agricultural biotechnology research, intellectual property, and markets (Dow, Novartis, Aventis, Monsanto, AstraZeneca, and DuPont).

Holdings of biotechnology patents have shifted sharply toward the private sector



Source: de Janvry and others 2000.

were from residents of Africa. And only 7 of 25,731 applications registered that year by the African Regional Industrial Property Organization were filed by residents.³⁰

The third trend is that genetic science—enabling companies to patent such innovations as recombinant DNA techniques, monoclonal antibodies, and new cell and tissue technologies—is gaining primacy. This raises a concern that a system of property rights designed to protect industrial machinery may not be able to cope fairly and effectively with the complexities of genetically manipulated organisms.³¹ In some cases breeders of plant varieties protected by patents can prevent farmers from reusing harvested seed. And if broadly written, patents on biotechnology processes such as research tools can deter invention in other fields using the same processes.

Developing countries have responded to these trends by proposing safeguards for the intellectual property rights regime. Among them:

- Recognizing the rights of farmers cultivating traditional varieties.
- Prohibiting the patenting of life forms or biological processes.
- Reconciling World Trade Organization (WTO) provisions on intellectual property rights with the International Convention on Biodiversity and the International Undertaking on Plant Genetic Resources.
- Ensuring access to essential medicines at reasonable cost.

Negotiating a new intellectual property rights regime that encourages private innovation while safeguarding the interests of poor countries and poor people in the benefits of that innovation will take time and much debate. Like the production of all international public goods, it will require creating incentives for participation by all those with an interest in the outcome, including the private sector.

Ensuring a voice for poor people in global forums

Actions with a global reach are generally discussed in global and international forums, such as nation groups, international organizations, and United Nations conferences and other gatherings. Ensuring that poor countries, and especially poor people in these countries, have a strong voice in these forums will help ensure that these institutions respond to the needs of poor people. Productive partnerships—whether to agree on standards, produce public goods, or work toward other common goals—require that all partners have an effective voice.

Strengthening the capacity of poor countries to represent their interests

Not all partnerships should be global—because not all international problems are global. Solutions to an international problem—such as river blindness or pollution in a lake bordering two countries—should be guided primarily by the countries affected.³² If those countries need assistance, financial or otherwise, the assistance should go to the smallest relevant group—for example, the Economic Community of West African States for cross-border problems involving only its member states. This principle of subsidiarity can be applied all the way up the geographic scale of international public goods, but

it must also be reconciled with economies of scale and scope.³³

Subsidiarity implies that regional institutions should be significantly strengthened to handle cross-border problems. Given the importance of ownership, such institutions would in many cases be a better choice for solving local problems than such global institutions as the World Bank and the United Nations. And because most regional institutions lack wide-ranging expertise, sector-specific organizations should also be strengthened to assist when needed.

But many problems are global, and participation by developing countries in finding solutions is just as important as for regional problems. Since international institutions will generally facilitate the discussions of global problems, these institutions need to take the lead in making information available, ensuring all parties a seat at the table, and strengthening countries' capacity to analyze issues and effectively communicate their interests.

Because knowledge is essential to decisionmaking, international organizations must place a premium on transparency in information and in their operations. In addition to publishing as much information as possible, they need to ensure independent evaluation of their actions—to make themselves more accountable and more effective. This is the direction in which international organizations have been moving in the past few years.

Even with all the right information, developing countries cannot represent their interests without a seat at the table. Many global decisions continue to be made mainly by the group of seven largest industrial democracies (the G-7). Mechanisms are needed to ensure that developing countries contribute effectively to those decisions.³⁴ Better progress has been made in discussions about the international financial architecture. In 1999 the Group of 20 was established to conduct ongoing discussions on preventing and managing systemic financial crises. Seven developing countries (Argentina, Brazil, China, India, the Republic of Korea, Mexico, and South Africa) are part of this group. Still, the arrangement lacks formal provisions for including any of the poorest or smallest countries, which, though not yet integrated enough into the global economy to present a risk of starting systemic crises, can certainly be affected by them. A better model for integrating developing countries into global problem solving is the Global Environment Facility, which works to foster international cooperation to protect the envi-

ronment. Half the representatives on its council are from developing countries (box 10.4).

In addition to participating in discussions and solutions, developing countries must be able to represent their own interests well—and this requires capacity building. For example, poor countries are at a significant disadvantage in WTO negotiations on such issues as labor, the environment, and intellectual property rights. Why? Negotiating in the WTO is a continuous process, involving as many as 45 meetings or more a week by one estimate. Yet only two-thirds of developing countries even have offices in Geneva, including only 12 of the 29 least developed WTO members, and these offices frequently must represent the country at other international organizations as well. Moreover, developing country officials often lack the expertise to participate in the increasingly technical trade debates. It has been estimated that almost 60 percent of the developing country members of the WTO are handicapped in their participation.³⁵

One attempt to address such problems is the Integrated Framework for Trade-Related Assistance to Least Developed Countries, which seeks to enhance the trade-related assistance provided by the six participating international agencies and other development partners.³⁶ Despite “needs assessments” submitted by 40 poor countries, progress has been slow, with new donor projects in just one country (Uganda). Developing countries have expressed disappointment with the limited financial pledges.³⁷ At the request of donors, an independent review is being conducted with the hope that the program's weaknesses can be corrected. If the problems can be resolved, the program could be a model for capacity building in other areas to help developing countries represent their interests.

Building global networks of poor people's organizations

At last those above will hear us. Before now, no one ever asked us what we think.

—Poor man, Guatemala

Like the voices of poor countries, the voices of organizations of poor people are essential in ensuring that global actions are targeted toward poverty reduction. Such organizations, particularly when linked up in global coalitions amassing strength and capacity, can have a

Box 10.4**The Global Environment Facility: a model for developing country participation**

The Global Environment Facility (GEF) is a financial mechanism for fostering international cooperation and action to protect the global environment. Through grants and concessional financing, it funds the additional costs incurred when a national, regional, or global development project also addresses environmental concerns related to biological diversity, climate change, international waters, and depletion of the earth's ozone layer. Efforts to stem land degradation are also eligible for funding.

The GEF was started in 1991, and after a trial period was capitalized by 34 nations (including 13 developing countries) at \$2 billion for four years. In 1998, 36 countries donated a total of \$2.75 billion to keep the facility running until 2002. Its governing structure ensures representation by all stakeholders. The GEF assembly, with representatives from all 165 participating countries, meets every three years to review general policies. The GEF council, with representatives from 32 countries (16 developing, 14 developed, and 2 transition economies), meets every six months on operational policies and programs. The GEF Secretariat translates the decisions of the assembly and council into action.

The GEF's three implementing agencies—the United Nations Development Programme, the United Nations Environment Programme, and the World Bank—develop projects for GEF funding

Source: Porter and others 1998.

and implement them through executing agencies. They partner with a wide variety of organizations to execute the projects, including government agencies, other international organizations, private institutions, and international, national, and local nongovernmental and civil society organizations.

Each participating country has a political focal point—the contact point with the GEF Secretariat and other participating countries—and an operational focal point, which identifies project ideas that meet country priorities and ensures that GEF proposals are consistent with them. These organizations help to ensure country ownership, as do the 16 regional NGOs that disseminate information and provide coordination between national and local NGOs and the GEF.

A recent independent evaluation of the GEF found that in a short time and with few resources, it had performed effectively in creating new institutional arrangements and approaches and in leveraging cofinancing for GEF projects. It has also had a positive impact on policies and programs in recipient countries. Although there is room for improvement, particularly in efforts to mainstream attention to the environment, the evaluators concluded that the GEF had potential for much greater success and that donors should strengthen it.

major influence on international debates. For example, a coalition of the Jubilee 2000 movement and other groups concerned with debt reduction worked closely with international financial institutions and industrial country governments to forge a consensus for deeper, faster, and broader debt relief for heavily indebted poor countries (chapter 11).

Innovative solutions are needed to increase poor people's connections to each other and to global decision-makers. The most important shift needed is in the mind-set of global actors—to be directly informed by the experiences of poor men and women who will be affected by or are expected to benefit from global actions. Also critical is information technology, which can help build networks to channel the voices of the poor to global decisionmakers. With the right tools and organization, these networks can be powerful in spurring the integration of poor people's priorities and analyses into global discussions.

One such global network of poor people is HomeNet. It was created in the mid-1990s by unions, grassroots organizations, and NGOs working with home-based workers and street vendors in developing and developed

countries and concerned about the adverse impact of globalization on the livelihoods of poor women in the informal economy. HomeNet's objective was international recognition of the rights of home-based workers, embodied in an International Labour Organization (ILO) convention. That convention was ratified by the ILO in 1996, thanks in part to an alliance of researchers at Harvard University and the United Nations Development Fund for Women (UNIFEM), who compiled statistics for HomeNet to make the informal economy visible. In 1997 the alliance of grassroots organizations, researchers, and international organizations gave birth to WIEGO (Women in Informal Employment: Globalizing and Organizing), a global network to promote better statistics, research, and policy in support of poor women in the informal economy. HomeNet, with active member organizations in more than 25 countries, publishes a newsletter that reaches organizations in more than 130 countries.

Strengthening such networks will fortify a much-needed voice in international cooperation: the voice of the poor themselves. Just as for national policies, their voice is essential in ensuring that global policies meet their needs.

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The four areas of action highlighted in this chapter illustrate the importance of international cooperation in the fight against poverty. Many of the most pressing problems in developing countries—from trade barriers to financial crises to infectious diseases—can be solved only with cooperation from high-income countries. Yet in the past, international cooperation has consisted primarily of financial transfers from rich countries to poor countries, notably aid. But aid is not enough—prospects

for poverty reduction depend on policy changes in high-income countries and cooperative actions at the global level. These include lowering trade barriers, increasing financial stability, producing international public goods that particularly benefit poor people, and ensuring a voice for poor countries and poor people in global forums.

The need for these international actions should redefine the role of international cooperation in poverty reduction. Even with more effective aid, the subject of the next chapter, progress against poverty will be slower without the international actions recommended here.