

How a World Resources Outlook could build multilateral system coherence on resource scarcity issues

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As resource scarcity issues – like water, land, food and energy – become more intertwined, so the importance of multilateral system coherence on these issues also increases. At present, though, the international system is fractured into single issue silos, each of which only deals with one fragment of the big picture.

With Rio 2012 less than a year away, policymakers have an important opportunity to upgrade international system performance on these issues. One concrete way of doing this would be for governments to task a range of international organizations to work together on producing a new *World Resources Outlook* report.¹

The report would examine:

- the state of scientific knowledge about the availability of key resources, including oil, food, water, land, forestry, mineral reserves and so on;
- the economic dimensions of resource availability, including the risk of price spikes, inflationary trends, and how resource prices interact with wider trends in the international economy; and
- vulnerability to scarcity trends among poor people and fragile states (drawing on surveillance of vulnerability in poor countries and fragile states).

Accordingly, authorship of the report would be shared amongst the key bodies that between them hold the key pieces of the scarcity jigsaw puzzle – for example, FAO and WFP on food and agriculture; the IEA on energy; the IPCC on climate change; UNEP on environment; and the World Bank, IMF and UNDP on development. Selected think tanks, such as the OECD and International Food Policy Research Institute, could also be involved.

Commissioning these agencies to produce a World Resources Outlook would:

- Create real interoperability in the multilateral system – by getting relevant international agencies to work together in producing a shared output.
- Provide policymakers with a valuable integrated analysis that they don't currently have – and highlight the need for policy to connect the dots between scarcity issues.

- Improve the existing system without yet another attempt to ‘redraw the international organogram’ – with all of the expenditure of time, money and political capital that would be involved.

Further information

Why is a World Resources Outlook needed?

The links between different scarcity issues are becoming ever more important. They share common drivers, including both rising demand (from a growing global population and a larger and more affluent ‘global middle class’), and increasing limits to supply growth. All of them are also highly significant for poverty reduction and international development, with poor people and countries most vulnerable to the impacts of all aspects of scarcity.

And they are increasingly also interconnected by complex and poorly understood feedback loops. Food production is highly energy dependent while crops have now become a source of energy, creating a tight correlation between energy and food prices, and increasing competition for land between food and fuel. Food production accounts for 70% of freshwater use, while water infrastructure is a major source of energy demand in developing countries. Climate change will create still more inter-linkages, with major impacts on crop yields, water availability and energy systems.

Against this backdrop, it is more important than ever that global policymaking on resource scarcity ‘connects the dots’ between the different facets of the issue. When it fails to do so, the result is often to shuffle problems around (as when inefficient desalination turns a water security issue into an energy security issue) or to create unintended consequences (as when biofuel policies designed to improve energy security have the effect of undermining food security).

In practice, though, the international system is poorly configured to do this. No single multilateral body has the full resource scarcity picture: instead, the system is fragmented into single issue silos that frequently fail to talk to each other.

This can result in concrete policy failures. At the height of the 2008 food spike, for instance, the UN Food and Agriculture Organization was expressing serious concern over the impact of biofuels even as the International Energy Agency was enthusiastically supporting their contribution to meeting demand for liquid fuels.

While policymakers often assume that improved coherence will depend on changes to institutional architecture, the reality is that attempts to ‘redraw the organogram’ frequently fail – and can still disappoint even when agreement does prove possible (as with the UN Commission for Sustainable Development, for instance).

An alternative approach, though, would be to look for ways of making existing international organizations work more effectively together, and develop greater shared awareness of each other's analyses, priorities and concerns.

One concrete way governments could do this would be to commission a group of international organizations with high relevance to the resource scarcity agenda to work together on producing a joint World Resources Outlook.

What would a World Resources Outlook achieve?

The primary objective would be to **drive interoperability by forcing officials from key international organizations to work together**, compare their analyses and expectations of the future, draw outside experts and national officials into the process, and in the process build shared awareness among potential change agents in the international system.

For this function to be discharged effectively, it would be essential for the report to be prepared in response to a formal commissioning request from governments. Part of the point of the process would be to push agencies to face up to awkward areas of disagreement that they might otherwise prefer not to address; without member states awaiting the results of the process, international agencies would be unlikely to have sufficient incentive to work through these challenges.

This recognition was one of the key lessons of the an inter-agency process to produce a paper on food price volatility for the 2011 G20 agriculture ministers meeting, which was written jointly by the IMF and World Bank; the three Rome-based UN food agencies, plus the UN High Level Food Task Force; the WTO and UNCTAD; and the OECD and International Food Policy Research Institute.

The paper was notable for being both succinct and hard-hitting, with difficult issues like biofuel support mandates and food export bans addressed head-on rather than being swept under the carpet. Heads of agencies involved in the process have observed privately that the process was frequently painful for the agencies involved, and that the G20's formal request for the paper was instrumental in getting them to persevere.

As an additional benefit, **a World Resources Outlook would create an integrated overview and analysis of the state of resource scarcity** – a critical information resource that would collate knowledge from across the international system. As well as providing policymakers with a valuable new tool, the annual publication of the Outlook could be expected to help set political agendas on resource scarcity – just as existing single issue Outlook reports have frequently been launch pads for policy agendas (e.g. the World Bank's 2008 World Development Report on agriculture, or the IPCC's relationship to the UNFCCC agenda).

How would a World Resources Outlook be initiated?

Moving forward with a World Resources Outlook does not depend on major additional financial commitments, or a two thirds majority vote in the UN General Assembly. On the contrary, as the G20 example above shows, if enough significant governments request international organizations to produce a WRO, then organizations can be expected to respond.

At the same time, it would clearly be preferable if the commission to produce a WRO comes from a formal gathering of *all* governments, rather than just those that are members of the G20. In this regard, **an ideal moment for the first WRO to be commissioned would be the Rio Conference on Sustainable Development in 2012.**

However, in order to maximize the political relevance of the WRO, it would still be preferable for the G20 to be involved in commissioning and launching the process, ideally with each year's WRO submitted formally to the heads' level G20 summit.

How would a World Resources Outlook connect the dots between existing reports?

At present, policymakers have outlook reports on many aspects of resource scarcity – but none that comprehensively connects the dots between them. For example:

- FAO and OECD produce an **Agricultural Outlook** report in June each year (see <http://www.agri-outlook.org>).
- FAO and WFP co-produce the annual **State of Food Security in the World** report every October (see <http://www.fao.org/publications/sofi/en/>).
- The IEA produces its **World Energy Outlook** in November every year (see <http://www.iea.org/weo/>).
- The IPCC produces its main **climate Assessment Reports** every six or so years, with the Fifth AR due in 2014 (see <http://www.ipcc.ch/>).
- UNEP produces its **Global Environmental Outlook** reports every five or so years, covering water and forests among other areas, with GEO-5 due in 2012 (see <http://www.unep.org/geo>).
- And on economics and development, each year the World Bank produces its **World Development Report**, the IMF its **World Economic Outlook**, and UNDP its annual **Human Development Report** (see <http://wwwr.worldbank.org/wdr/>, <http://www.imf.org/external/pubs/ft/weo> and <http://hdr.undp.org/en/>).

Yet there is no single outlook report produced by international agencies that pulls together a strategic synthesis across *all* of these issues, and explores the linkages between them thoroughly. Nor is there any effective standing body that draws all of the entities above together to compare analyses and policy options – with the result that no global conversation exists to bring agencies working on different facets of scarcity on to the same page.

Why does the World Bank support a World Resources Outlook?

The World Bank’s 2011 World Development Report supported the idea of a World Resources Outlook, arguing that:

“Knowledge about the impacts of food, energy and resource shocks is limited. Rising global demand for food and energy may impact fragile and violence-affected states severely. New analytical efforts are an important first step in understanding this phenomenon. One forward step would be for the relevant agencies - the World Bank, UN Energy Programme, International Energy Agency, and others - to work together on a World Resources Outlook, bringing together the multiple reports and analysis already undertaken by these agencies independently.”

“Such a report could give policy makers the valuable integrated analysis they currently lack. It could examine the state of scientific knowledge about the availability of key resources, including oil, food, water, and potentially land, together with how climate change will affect each of them; the economic dimensions of resource availability, including the risk of price spikes, inflationary trends, and how resource prices interact with wider trends in the international economy; and vulnerability to scarcity trends among poor people and regions affected by violence. Without such analysis, the risk of unintended consequences from policy may remain unaddressed - as with biofuels, where the possible food security implications of measures to promote energy security were inadequately considered.”

ⁱ First proposed in Evans, A. (2010), *Globalisation and Scarcity: Multilateralism for a World with Limits*, New York: CIC.