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Policy Taxonomy Glossary

Agricultural Credit and Insurance: Agricultural credit includes financial instruments tailored to farmers' needs, such as weather insurance, banking services via cooperative organizations, and credit allowing repayment in cash or kind depending on market conditions. Rural credit faces particular challenges from dispersed populations, limited financial capital, and risks from weather and pests that affect multiple farms (IISD, 2015; FAO, n.d.a).

Agricultural Knowledge: Agricultural knowledge and innovation systems produce, distribute and use information and know-how related to farm production. This knowledge is held by farmers, farm workers, researchers, extension agents and public officials (Berdegué & Escobar, 2001).

Agricultural Markets: Agricultural markets are the markets for agricultural products and the goods and services that directly involve agriculture. They include markets for agricultural inputs, such as seeds, fertilizers, herbicides, pesticides, gasoline and farm machinery, as well as for outputs, such as grain exchanges, livestock auctions and contract buyers. Agricultural markets increasingly include complex value chains, which may span multiple countries, and involve a significant level of processing before a final sale (Reardon & Timmer, 2007).

Agricultural Subsidies and Taxes (see Tariffs): Agricultural subsidies are financial contributions from public authorities that affect prices and production in agricultural markets. Input subsidies include those for fertilizer, seeds, energy and agricultural machinery. Output subsidies include food subsidies for consumers. Agricultural taxes include taxes on inputs and fixed capital, as well as taxes on agricultural outputs, such as an export tax (WTO, 1995; WTO, n.d.a.).

Agricultural Transformation: Agricultural transformation can be broadly defined as the process by which an agri-food system transforms over time from being subsistence-oriented and farm-centred into one that is more commercialized, productive and off-farm-centred. As labour and other resources move from traditional into more modern economic activities, overall productivity rises and incomes expand. Agricultural transformation is considered inclusive when the results lead to poverty reduction, increased food security, and improvements in gender equality and women's empowerment.

Competition: Competition policy involves rules and enforcement measures to ensure that businesses are not engaging in practices that would unduly hinder the competitiveness of others. Examples of such anti-competitive practices can include a company with a powerful market position selling its products at abnormally high prices, or the formation of a cartel among various companies that then agree to fix prices on their products or otherwise collaborate in ways that make it difficult for other firms to compete against them (European Commission (n.d.).

Economic Diversification: Economic diversification is a process through which an economy shifts from relying on just a few activities and markets for its income to establishing a wider range of activities. Typically, least developed countries are less diversified economically, focusing on commodities and/or tourism. Undiversified economies are more vulnerable to economic shocks.

Electrification: Electrification policies include efforts to generate electricity and develop transmission capacity and reliability to support rural electrification. New electrification technologies include solar chargers and improved battery storage capacity.

Exchange Rate: Governments choose whether to fix the country's currency to another currency or currency basket, or to let it "float" in response to market forces, limiting government intervention. They may intentionally devalue or revalue their exchange rate to affect their balance of payments and competitiveness (Cardoso & Velasco, n.d.; Hamilton, 2018).

Export strategy: Export strategies are national policies for goods and services sold abroad.

Governance Practices: Governance practices describe the design and implementation of policies that direct how decisions are made, who decides and who validates the decisions. Governance takes place within a framework of formal and informal rules shaped by power relationships. Governance can be governmental, non-governmental or a hybrid (World Bank, 2017). For the purpose of this project, we exclude corporate governance from the definition.

Human Capital: Human capital is the stock of formally and informally developed habits, education, knowledge, and health enabling individuals and communities to produce economic value (World Bank, n.d.).

Inflation: The inflation rate shows how much the price levels of goods and services rise over a specific time period. Deflation is when price levels fall. Hyperinflation involves extreme cases of inflation (See monetary policy for examples of policy responses) (Mathai, 2009; Öner, 2018).

Institutions: An institution is an established law or practice that defines rules and establishes the conditions, procedures, and situations for their implementation (OED, n.d.). Institutions may be public, private or customary; statutory or non-statutory; formal or informal; or a mix. For the purposes of this project, the term "institutions" refers to a category of factors that affect the transformation process but are largely determined outside the agricultural policy sphere. Institutions can include labour mobility, land holding practices and business cultures affecting labour rights.

Irrigation: Irrigation policies address the building, maintenance and expansion of irrigation infrastructure, including the construction of channels, reservoirs and water pumps.

Labour Rights: Labour rights are national and international legal protections for workers. At the international level, these involve legally binding conventions negotiated by the International Labour Organization (ILO) and non-binding ILO recommendations. For example, ILO Convention 11 (1923) sets out agricultural workers' right to collective bargaining (ILO, n.d.a, n.d.b).

Land Rights: Land rights are defined in legal, customary or mixed systems that set out the rights, responsibilities and restraints on the use, control and transfer of land (FAO, n.d.b).

Macroeconomy: The macroeconomy involves policies affecting the economy as a whole, along with encompassing economy-wide phenomena, such as inflation, economic growth rates and employment levels. It does not include household- or business-level decisions, which fall within the realm of microeconomics (Investopedia, 2019).

Monetary Policy: Monetary policy involves actions taken by central banks or currency boards to change the overall supply of money in the domestic economy. Such actions might include buying and selling, or borrowing and lending securities, as well as targeting interest rates. Monetary policy is a tool central banks use to address inflation, deflation, and GDP and employment levels. Monetary policy can affect export and import competitiveness (Mathai, 2009; Cœuré, 2017).

Price Information: Price information is the system for gathering, analyzing, and disseminating information on prices in agricultural input and output markets (FAO, n.d.a).

Research and Development: Research and development (R&D) policy includes financial, and institutional support for developing and testing new agricultural technologies (FAO, n.d.a).

Rural Economy: The rural economy comprises both farm and non-farm productive activities in non-urban areas. To flourish, economies depend upon physical, social and knowledge capital. Rural economies often lack one or more of these diverse forms of capital, including adequate education and health care services, extension services, seed banks, transportation infrastructure, storage and energy infrastructure, telecommunications and financial services.

Rural Infrastructure: Rural infrastructure refers to physical capital enabling rural economic activity, such as communication networks, energy grids, and transportation (Pouliquen, 1999).

Services: Services describe transactions between parties that do not involve the exchange of a physical good. Examples include banking, health care, legal advice, tourism, telecommunications, financial services, information and communications, tourism, supermarkets and restaurants. Another key example is extension services, which involve the provision of capacity development, technology transfer, and technical support for farmers and farm workers (FAO, n.d.a).

Social Safety Nets: Social safety nets are interventions to prevent or redress limited access to food, education, healthcare and/or housing. These interventions can include cash transfers, work programs, school lunch programs, food coupons, rations or vouchers (FAO, n.d.a).

Storage and Warehouse: Storage and warehousing policy includes the construction and maintenance of post-production storage facilities, which helps stabilize prices at the farm level, improve farmers' market power and support value chain development (FAO, n.d.a).

Tariffs: Tariffs are a tax or fee placed on merchandise imports or exports, often used to give domestic goods or sectors a competitive advantage over imports and to raise government revenue. They can also be used to encourage value-added processing of commodities prior to export by imposing de-escalating tariffs at different processing stages (WTO, n.d.a).

Trade agreements: Trade agreements involve the negotiation of accords between two or more governments, typically covering trade in goods, trade in services, intellectual property rights, investment, trade facilitation and customs cooperation, dispute settlement, environment, labour, anti-corruption and competition (Rodrik, 2018).

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