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PROPOSED 2010-2020 STRATEGIC FRAMEWORK

Montego Bay, Jamaica

Proposed Strategic Framework for IICA for 2010-2020

PROPOSAL PREPARED BY THE STEERING COMMITTEE IN RESPONSE TO RESOLUTION NO. 499 OF THE EXECUTIVE COMMITTEE

Foreword

The Steering Committee for the Improvement of IICA's Technical Capacity was created by IICA's Executive Committee under Resolution No. 447, Annex b, of September 28, 2006. Initially, it comprised representatives of Canada, Mexico, Costa Rica, Argentina, Paraguay, Belize, Jamaica and Panama.

By means of Resolution No. 490, of July 24, 2008, the Executive Committee approved the report of the Special Advisory Committee on Management Issues (SACMI), which contained a number of recommendations, including one calling for the preparation of a Strategic Framework for the period 2010-2020. In operative paragraphs 2 and 3 of said Resolution, the Executive Committee asked the Steering Committee's collaboration in implementing the recommendations of the SACMI, in particular, in conducting the process of preparing the Strategic Framework of the Institute. The Executive Committee also decided to expand the Steering Committee to include Brazil, Chile and the United States.

At its meeting held on December 2, 2008, the members of the Steering Committee reached agreement on terms of reference and a methodology for preparing both the Strategic Framework and the Strategic Plan of the Institute for 2010-2020. They also defined the qualifications to be met by the consultants and other participants in the process.

At its meeting held in April 2009, the members of the SACMI received a report on progress and on the work programmed to achieve the established objectives. At this time, it was recommended that only a proposed Strategic Framework be submitted to the upcoming Executive Committee meeting, and that the development of a Strategic Plan 2010-2020 based on the approved Strategic Framework be the responsibility of the next Director General.

A consultant, Dr. Helio Tollini, was hired to prepare the Strategic Framework pursuant to the established terms of reference. During the process of preparing the proposed Strategic Framework, a meeting was held at IICA Headquarters involving the members of the Steering Committee and a panel of three experts (Dr. Bernardo Lopez, Dr. Inocencio Higuera and Dr. Carlisle Pemberton), who provided feedback and recommendations to the Steering Committee.

As a result of that meeting, the members of the Steering Committee agreed on the need to prepare a more concise document and that include the most relevant elements from the consultant's document, the comments and recommendations of the Panelists and comments and opinions of the Steering Committee and IICA, with the purpose of presenting this to the Executive Committee at its meeting in July 2009.

The day prior to the July Executive Committee meeting, the Steering Committed and IICA staff analyzed the final version of the proposal and the presentation, which was then presented to the Executive Committee by a member of the Steering Committee. The Executive Committee, in Resolution 499, agreed “To request that the Steering Committee and the Director General: (a) revise the proposed Strategic Framework so that it reflects the opinions, observations and suggestions expressed in this Executive Committee; and (b) that they submit that revised proposal to the Inter-American Board of Agriculture for consideration at its Fifteenth Regular Meeting.”

Pursuant to this mandate, on August 27, 2009, the Steering Committee and IICA staff members met to prepare the present Proposed Strategic Framework for 2010-2020, for analysis and consideration by the Inter-American Board of Agriculture.

I. Introduction

The expanded agrifood system is multidimensional and complex and involves the production of food and raw materials, the forestry sector and agroindustry, as well as the non-agricultural activities and the human, economic, social relationships that exist in rural territories.

The true importance of the system, rather than declining, has been growing. This is not only because it is so important to other sectors of the economy and society as a whole, but also, and above all, because the ability to respond to most of the great challenges being faced by humanity in the 21st century will depend on the development of agriculture and rural life, or at least be directly related to the expanded agrifood system.

Indeed, it is imperative to strengthen and contribute to the sustainability of the agrifood and rural system, as a means of helping to reduce poverty and hunger and improve nutritional levels; manage climate change and global warming; conclude and implement the Doha Development Round; improve food security and food safety; control pests and diseases; and develop sustainable sources of energy.

In order to help solve the current economic-financial crisis and some of the major structural problems that the countries of the Americas will face in the future, it is necessary to rethink the current development model and attach greater value to the role of the expanded agrifood system. If agriculture and the rural milieu are to contribute more to development, it is necessary to make more and better investments in both.

As the inter-American institution charged with providing cooperation in agriculture, IICA's principal objective is to support the Member States in their efforts aimed at strengthening their agricultural sectors and the natural resource base on which they depend, and making them more competitive, productive and sustainable, and those aimed at ensuring that rural development is inclusive and in harmony with the environment; the ultimate goal being to ensure the provision of food to a growing population, provide employment, increase incomes and contribute to the reduction of poverty and to the development of the countries of the Americas.

In the current international context, demands and needs change rapidly. IICA must be aware of changes, trends and emergencies in the global, hemispheric and regional scenario which affect the economy, agriculture and rural society;

To do this, the Institute will:

- Concentrate on the generation and provision of hemispheric public goods, focusing on those development issues best addressed on a hemispheric or regional scale;
- Promote the diversification of production, agricultural exports and the identification of new market opportunities;

- Promote increased productivity and competitiveness;
- Promote a more sustainable agriculture and natural resource management and the prosperity of rural communities;
- Provide the countries with technical support in its areas of competence, in response to strategic and specific demands in the priority areas defined by the Member States which constitute new challenges for agriculture; and
- Seek opportunities to work with other development agencies, especially multilateral banks, to create synergies, avoid the duplication of efforts and reduce inefficiency in the use of resources.

In order to fulfill its role vis-à-vis the new challenges and realities, IICA must become a hemispheric leader, be innovative and serve as a catalyst and facilitator in strategic areas. IICA must keep up to date and be prepared to face the challenges emerging from the dynamic context of the international economy and the globalized society.

The present proposed Strategic Framework for 2010-2020 is based on the changes, dynamics and challenges agriculture is facing worldwide and in this hemisphere, vis-à-vis production and its impact on society and the environment, and proposes strategic guidelines to serve as general orientation for the Institute's actions and the role the Institute should play, taking into account the demands of the Member States.

II. Changes and challenges faced by agriculture worldwide and in the region

A. DYNAMIC AND CHANGING ENVIRONMENT

The global context is highly fluid and dynamic, and has become even more so in the current economic and financial crisis, which it may take several years to emerge from. This crisis will affect the countries of the hemisphere differently, requiring new policies, strategies and actions as the context changes.

i. Economic and Financial Crisis

The global economic crisis has affected every country to a greater or lesser degree, depending on the extent of their integration into the markets. The lowest income segments of the population have been hardest hit by the crisis. The most noteworthy results of the crisis are:

- Economic recession,
- A decline in trade worldwide,
- A tight credit market and its impact on investment,

- Reduced availability of fiscal resources, which will have a negative impact on social spending and public investment,
- Greater volatility of the prices of basic agricultural products, and
- Increased unemployment in the expanded agricultural sector and increased rural and urban poverty and related problems, including hunger and malnutrition.

ii. Short-term trends

Some short-term trends threaten to wipe out much of the progress made prior to the crisis in terms of combating poverty and hunger and improving living conditions. They are:

- Slower growth of production worldwide,
- Reduced demand for agricultural products and inputs,
- A sharp decline in trade worldwide,
- Less investment in the production sector,
- Instability and volatility in the prices of agricultural products,
- Higher prices for agricultural inputs,
- Slowing migration and even reverse migration; fewer remittances from developed countries, and pressure on employment in agriculture,
- A resurgence of protectionism, and
- Differentiated policies and measures derived from the crisis, which distort the market.

iii. Long-Term Trends

To be able to make decisions regarding future scenarios, it is necessary to have as comprehensive and complete an understanding as possible of the global context, especially of the principal trends in the global economy and world trade. The principal long-term trends are:

- **Differentiated economic growth in countries**
 - Accelerated growth in emerging countries (China, India and others)
 - Gradual recovery of traditional markets
- **Growth of world population** (expected to reach 7 billion people by 2020).
- **Continued importance of agriculture for development**
- **Growth and integration of the world food market**

- Uncertainty regarding bilateral and multilateral agreements and their impact on the world market
- Proliferation of rules and regulations in global markets
- **Foreseeable increases in prices of fossil fuels**
 - Higher prices for agricultural inputs derived from fossil fuels
 - Change in the energy matrix
- **Growing importance of climate change and of the sustainable management of natural resources.**
 - Climate change will create the need for policies, conservation systems and methods, and efforts to adapt to and mitigate its impacts.
 - A scarcity of water for agriculture
 - Degraded soils and desertification
 - Deforestation and degradation of forests
 - Development of carbon markets and rules on carbon footprints
 - Protection of biodiversity and genetic resources
- **Development of agroenergy and biofuels**
 - Development of technologies adapted to bioenergy production
 - Competition for land with the production of food, creating pressure to open new areas for cultivation
- **Changes in the demands and tastes of consumers, more sophisticated consumption and differentiated markets**
 - Differentiated family food basket
 - More nutritional and safer food products
 - Organic products
 - Foods produced in a more sustainable way or taking into consideration the social aspects of production and processing
 - Development of market niches
- **Technology and Innovation will face new challenges and demands**
 - Development of genetic and biotechnological improvement techniques
 - Increased use of Information and Communication Technologies (ITC's) to increase the efficiency and effectiveness of production and marketing processes

- Biofortification of crops and addition of nutrients to foods as a means of improving their quality and nutritional value
- Insufficient investment in technology and innovation in LAC
- **Importance of the effective control of cross border and emerging diseases**
- **Increased demand for safe food**
 - Its use as a technical barrier to trade
 - Emphasis on the importance of the health and safety of food
- **The importance of food security will increase**
 - Food and nutritional security
 - Attention to vulnerable sectors of the population and efforts to combat malnutrition and undernourishment
 - Differences between net food importing countries and net food exporting countries
 - Attention to the instability of prices of basic foods
 - Recovery of agricultural diversity, promotion of the diversification of production, and the development of family agriculture.
- **Financing and technical cooperation more focused on Asia and Africa**

B. CHALLENGES IN A DYNAMIC AND CHANGING ENVIRONMENT

The most important challenge facing agriculture in the hemisphere is how to increase productivity and competitiveness considerably, in an environmentally and socially sustainable manner. Agriculture is a priority sector not only in terms of the food security of countries, but also because of its linkages to other sectors of the economy, its impact on efforts to reduce poverty through the generation of jobs and income, its contribution to governance and its potential as a source of clean energy. The countries need to strengthen the design of agricultural policies that send positive signs to producers, increase the capacity to generate technology and improve animal and plant health.

Some new topics are already under discussion; for example, the development of renewable sources of energy and the growing importance of matters related to international trade, such as the requirements of international markets and the development of the capabilities of agricultural and rural entrepreneurs.

The major challenges that the countries will face in the next ten years include:

- **To strengthen agriculture so that it can take advantage of market opportunities and prepare it to face possible future crisis**
 - To monitor the evolving world economic situation and try to foresee market opportunities.
 - To take advantage of the crisis to undertake needed adjustments and reforms.
- **To adapt agriculture to climate change**
 - To develop public policies in the countries
 - To foster cooperation among countries and regions
- **To increase investment in key sectors for agriculture and rural development**
 - Essential investments in quality education, health services, infrastructure and communications
 - Research, technology and innovation, education of scientists and technical professionals
- **To strengthen entrepreneurial and leadership capabilities**
- **To make agriculture more productive and competitive**
 - New ways of organizing production and integrating small- and medium-scale producers into markets
 - To promote agroindustry as to create greater value added; develop the necessary logistic support and production linkages
 - To strengthen the institutional framework needed for market development, agricultural health, research and agricultural transfer and/or extension
 - To reduce technical barriers to trade, and protectionism
 - To improve the distribution of the benefits of improved productivity.
- **To make agriculture sustainable**
 - Sustainable management of natural resources, including soil and water
 - Fewer environmental impacts
- **To expand credit programs**
- **To improve food security**
 - To increase availability of and improve access to food
 - To diversify and improve the quality of the family food basket

- **To develop different types of agroenergy as clean and sustainable alternatives**
 - To create and strengthen the institutional framework required for the development of agroenergy and biofuels and the transfer of technologies
 - To develop capabilities in the countries to promote alternative biofuel industries and economies of scale
 - To strike a balance between the use of land and water for food production and biofuel production

III. General orientation for the Institute’s actions and the role the Institute should play

Based on the trends and challenges described above, IICA’s role is to become a hemispheric leader, be innovative and serve as a catalyst and facilitator in strategic areas. IICA must keep up to date and be prepared to face the challenges emerging from the dynamic context of the international economy and the globalized society.

The IICA of the next decade must provide more support to its Member States and adapt its structure and operations to achieve that objective. This will require having general guidelines on how the Institute must meet hemispheric and country-level demands, and on possible approaches and potential areas for cooperation. These general guidelines are:

A. A focus on the demands and needs of the Member States

At the first Ministerial Meeting on Agriculture in the Americas, held in 2001 in the Dominican Republic, the ministers agreed on a shared vision of agriculture and rural life in the hemisphere and adopted the following strategic objective: “rural prosperity, food security, the positioning of agriculture in the international scenario and regional integration, agricultural health and food safety and the sustainable development of agriculture and the rural milieu.”

These objectives were incorporated into the AGRO 2003-2015 Plan of Action for Agriculture and Rural Life, which was approved at the Second Ministerial Meeting on Agriculture, held in Panama in 2003. The Plan contains the strategic actions the countries would undertake, with support from IICA, in the so-called Production-Trade, Ecological-Environmental, Sociocultural-Human and Political-Institutional dimensions.

The Plan provides a frame of reference for IICA’s actions in support of the countries, based on their demands and needs. The identification of demands is the first step in developing an agenda for work. The next is to decide which problems are most relevant and promising in terms of returns for the countries. IICA, through its governing bodies, must decide which demands to address and which do not help the Institute to promote development.

Over the years, the demands on the Institute have become more and more complex. When it was founded, the activities of the Institute were centered on the basic agricultural sciences. Since then, the countries have changed and so have their needs. Agricultural research organizations face more complex problems today and that affects IICA's agenda, which is involved in problems that are much more complex than before.

As indicated earlier, in its capacity as an intergovernmental agency with a hemispheric mandate, IICA should concentrate on the generation and provision of hemispheric public goods. There are activities that the countries carry out very effectively. In such cases, IICA can support them by responding to specific demands in the defined areas of action and fulfilling its assigned roles. However, IICA's agenda must include as core topics those best addressed on a hemispheric or regional scale.

In this context, IICA must:

- Generate leadership in the strategic areas it chooses to pursue. To do this, IICA must always be looking ahead if it is to identify and recognize changing situations, tendencies, the latest advances in the strategic themes and priorities which IICA addresses; it must keep the member countries informed; and respond in a proactive manner, taking into consideration the heterogeneity of and differences between countries;
- Have a system/process for identifying and prioritizing needs and demands at the level of individual countries, groups of countries and the hemisphere;
- Establish hemispheric demands based on the Medium Term Plan and the resolutions of its governing bodies;
- Identify and specify the differences with other organizations that have similar objectives, but which differ from IICA in terms of their vision and programs, with a view to finding areas for common action. IICA must take the first step in that direction;
- Develop strategic partnerships with relevant institutions and organizations in order to pool capabilities and create synergies, to strengthen the actions and the effectiveness of joint efforts, to the benefit of the countries. Because it works more closely with the countries than other development organizations, IICA must be prepared to support its Member States in their efforts to prepare and implement agricultural development programs; and
- Have the flexibility it requires to fulfill its roles and achieve its objectives.

B. Toward a new Regional Focus

At present, the Institute carries out actions in five geographical regions. For example, the countries of the Caribbean, as well as one in Central America and two in South America, are all grouped together as the Caribbean region, without considering differences among the countries in terms of level of development, language, culture or other relevant factors.

However, there are other ways to organize these actions, based on the differences and specific characteristics of the countries and the factors that determine the type of technical cooperation that the countries might require. It is possible to prepare a classification of countries with a view to formulating differentiated strategies for developing intraregional mechanisms for horizontal cooperation. In this regard, it is possible to organize IICA's technical cooperation around groups of countries based on:

- a) Differences and characteristics of countries
 - Level of economic development
 - Importance of agriculture to overall economy and role of small-scale agriculture
 - Net exporters/net importers of food
 - Socioeconomic factors
 - Level of poverty
 - Importance of small- and medium-scale farmers
 - Level of participation in export markets
 - Level of competitiveness
- b) Type of technical cooperation required, based on areas and roles defined by the governing bodies

C. Strategic response - Potential areas for IICA action

Technical cooperation, as defined in IICA, is all those actions taken in support of sustainable agricultural development, food security and rural prosperity. It consists of knowledge, abilities, experiences and innovations brought to bear in supporting the Member States to develop institutional and human capabilities, improve living conditions and solve specific problems that fall within the Institute's areas of competence.

For the countries of Latin America and the Caribbean, it will be necessary to create and strengthen better institutions to increase efficiency in the provision of services to the agricultural and rural sectors, and IICA has an important role to play in this.

Technical Cooperation at IICA may take the following forms:

- Strengthening institutional, professional and leadership capabilities
- Economic analyses and analyses of policies and their impacts on agriculture
 - Analysis of and advice on policies
 - Generation of studies and information
- Knowledge management
- Use of Information and Communication Technologies to make agriculture more competitive
- Preparation and implementation of projects
- Horizontal Cooperation
- Partnerships and coordination with other organizations and integration mechanisms

i. Possible Spheres of Action:

In order to consolidate its leadership in the Americas in the development of agriculture and rural life, the Institute must select few areas on which to focus its available financial and technical resources, with a view to developing a critical mass of personnel capable of providing effective leadership in relevant fields. This thematic specialization must be spelled out in the 2010-2020 Strategic Framework, based on the demands and priorities defined by the countries and taking into consideration both current and foreseeable financial and technical resources.

Therefore, the thematic areas proposed below are those derived directly from the trends and challenges facing agriculture, which were presented earlier. It should be pointed out that they are *opportunities* for technical cooperation in the next decade and areas in which IICA could *potentially* add value. However, their inclusion in this proposal does not mean that all of them must be addressed fully by the Institute, and is based on no particular hierarchy or order of priority. These areas are:

Sphere 1: Looking ahead, monitoring and analyzing the global environment

To exercise hemispheric leadership in areas related to agriculture and rural life, the Institute must envision scenarios and analyze the consequences of global processes and of public policies for agriculture and rural life, be aware of changes and trends in the global economy, assess the expected consequences of same and the challenges they pose for the expanded agrifood system, and monitor the evolution of world trade, especially agricultural trade, and agricultural negotiations and agreements, all with a view to providing technical cooperation to the countries in its areas of competence.

Sphere 2: Agrifood system

In this area, the Institute must provide the countries with cooperation in the development and strengthening of the institutional frameworks needed for the implementation of new scientific and technological advances available to agriculture; the adoption of and adherence to sanitary, phytosanitary and food safety standards demanded by consumers; the development of management capabilities to make better use of factors of production and tap opportunities available in those globalized markets; the promotion of agribusiness, agro-industry and markets; the promotion of agribusinesses, agro-industry and markets; and the development of the institutional framework needed to boost the sustainable production of agroenergy and biofuels.

Sphere 3: Rural System

The expanded agrifood system is multidimensional and includes, in addition to agriculture, non-agricultural activities and the human, economic, social relationships that exist in rural territories, and the natural resource base on which they depend. Rural and environmental issues are intrinsically related to agriculture. Consequently, the Institute must address the topics of sustainable rural development, the sustainable management of natural resources and climate change.

Sphere 4: Cross-cutting Actions

Given their complex and multidimensional nature, certain topics can only be addressed with the participation of and contributions from different areas of specialization, with a view to gaining a full understanding of the problems, defining strategies, policies and programs and then implementing them, and achieving significant and sustainable results. These topics include the integration of small- and medium-scale farmers into markets, improving food security and managing ecosystems.