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## ***Overall Assessment and Recommendations for IICA's Agricultural Health and Food Safety Program<sup>1</sup>***

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<sup>1</sup> This report was sent to all the Ministries of Agriculture of the Member States in compliance with Resolution 367 of the Twenty-second Regular Meeting of the Executive Committee

## **Executive Summary**

The Executive Committee of the Inter-American Institute for Cooperation on Agriculture, at its October, 2002 meeting, adopted Resolution No.367, calling for an overall assessment of IICA's Agricultural Health and Food Safety (AHFS) program. This assessment covers several objectives including: identifying future AHFS interests in the hemisphere, reviewing the adequacy of the IICA AHFS program to meet these interests, and making recommendations to strengthen and enhance IICA's AHFS program to better meet Member State needs.

There is little doubt that agriculture will play a major role as the economic engine for growth in the Americas. For this to happen many countries need to strengthen their agricultural sectors for that growth to occur because in recent years, it has become widely recognized that the health status of livestock, the sanitary condition of fruits and vegetables, and the ultimate safety of foods consumed by a nations' citizens are closely connected. The role of the AHFS programs in all of the Member States has not only changed but also has become more challenging.

The mission and strategic lines of action of the IICA AHFS program appear to be well identified and correspond with today's realities. Actions in AHFS impact production, trade, competitiveness, food security, tourism, public health and the environment - factors of mutual concern for all of the 34 Member States. Because IICA is hemispheric and AHFS affects all countries irrespective of geographic or political boundaries, the AHFS program has a unique and comparative advantage, perhaps more so than in any other technical area within IICA.

To carry out the assessment five highly qualified professionals were selected -one from each region- and 12 consultations were arranged in two or three countries in each of the five IICA regions. The consultations were designed to seek the views of key individuals from both the public and private sectors regarding improvements needed in their AHFS programs and the type of program IICA should adopt in order to work with them as a strategic partner to make the improvements. Out of these lengthy discussions came not only a list of areas for improvement that showed great similarity from country to country but also a number of excellent suggestions as to the reshaping of IICA's AHFS to best meet their needs. In addition to the consultations themselves, a questionnaire was widely circulated asking respondents what they thought were important components of an effective AHFS program.

During the course of consultations the Assessment Team (AT) began to design a new IICA AHFS program -an effort that extended several weeks beyond the last consultation. The Team drew upon the valuable views, opinions and suggestions from the consultations as well as the discussions among the Team members themselves. It was decided that the program should focus on a specific set of defined activities and have a budget that would allow the program to work with countries strategically to

address their most important needs. Once the overall nature of the program was defined the Team developed a list of core activities as the basic AHFS program and prepared an additional two-tiered list of activities, one that would benefit all countries and whose financial support would come from either IICA's budget or external sources, and another that would only benefit small groups of member countries and whose resources would come from the benefiting countries or external sources. The budget for the basic core activities and the first tier add-ons falls well within the overall budget for AHFS as published in the current budget documents.

Organizational and budgetary issues surfaced early in the assessment as matters of great importance that had to be addressed in detail; Resolution 367 had specifically identified these areas for assessment. The Team found that in 2003 over 80 percent of the published AHFS budget was allocated to other operating units in IICA, primarily to the country offices. The IICA Representatives at that point become the decision makers as to how those funds are used; the AHFS directorate has essentially no opportunity to assure that those program funds are supporting its strategic lines of action. In addition, the overall AHFS budget and/or the part allocated to the directorate has decreased in recent years, making it very difficult to carry out a meaningful program. An arrangement must be established whereby the program directorate manages as much as possible the overall budget assigned to the AHFS program.

Given the nature of the budget allocation method currently in use, the AT believed that one of their tasks was to consider how changes might be made in the overall IICA organization budget or in the AHFS program budget itself to make more funds available for the program; or to rethink how, and by whom, AHFS funds allocated to other units are managed. Several options are offered, some more feasible than others, particularly in the case of the AHFS funds being assigned to other IICA units. In fact, two or more of the options might be implemented at any given time, thus increasing the chances of providing resources for a dynamic, highly effective AHFS program. The Director General of IICA will need the full support of the Member States' in seeking out and putting in place a strategy that will assure the necessary resources are available to sustain the program. If this is not done, IICA's ability to help address the Member States' needs will further diminish. This cannot be allowed to happen.

The next several years are critical for the Agricultural Health and Food Safety programs of IICA's Member States. The continuing globalization of world economies, the need to comply with the WTO/SPS requirements to access international markets and the growing importance of food safety concerns will continue to challenge many national AHFS programs. With the full implementation of the FTAA agreement, the new demands on programs will only add to that challenge. In this environment, it is absolutely necessary that countries aspiring to full participation in the world agricultural economy must have a strong, capable AHFS program. With the above as backdrop, the AT developed a number of carefully thought-out recommendations; several are targeted to Member States themselves, others to IICA, and yet others to the

IICA AHFS program. Their purpose is to help create an environment in which all the parties with a stake in having an effective and responsive IICA AHFS program are doing their part to help achieve that objective. In addition the AT has proposed a redesigned, expanded AHFS program with an estimated budget and recommends that the proposal be studied and the changes adopted at an early date. The AT recommends further that a panel be named to review the current budget allocation system for possible changes; to consider the various options suggested for improving the budget situation; and to monitor the implementation of the AHFS work plan and use of the budget to assure the program is meeting expectations.

The changes proposed in the makeup of the IICA AHFS program and in the budget needed to support it fulfill the request made in Resolution 367 for a strengthened and enhanced AHFS program. Thus, it comes down to the governing bodies having to weigh the choices: leave the program “as is”, reflecting a preference for the flexibility of the current system; or adopt the assessment’s recommendations, indicating a determination to have more resources directly focused on improving national program capabilities. The latter choice would require a transition period to phase in the necessary adjustments but much could be accomplished in a matter of months. This is a critical moment for the AHFS program, the IICA organization and the Member States. The decision to be made will determine whether IICA will have an AHFS program capable of providing technical cooperation and support that helps national programs perform at a level that helps assure their agricultural sectors and economies are healthy and prosperous.



## **Introduction**

The Member States of IICA are all working to grow their economies, bring development and modernization to their rural sectors, improve the quality of life for their citizens and, overall, make their countries stronger, more competitive and successful in future years. There is little doubt that agriculture will play a major role as the economic engine for their growth in most all of Latin America and the Caribbean.

The real question then, is how to modernize agriculture. Member States are investing in research and extension to increase productivity of land, labor, and capital. Many are focusing on new marketing policies and marketing facilities. At the same time, some are undertaking important new initiatives to improve the social welfare of rural families. IICA is supporting Member States in many of these efforts.

A very important dimension of agricultural modernization is being able to assure that agricultural production and public health are protected by a strong program for animal health, plant protection and food safety. Member States that cannot ensure the safety and security of their food and fiber products will not be able to participate in the process of international trade in agriculture and benefit from that process. Food safety and security will be absolutely necessary for effective participation in any new free trade agreement in the Americas. Unfortunately, the report on modernization in this critically important area in the hemisphere is mixed. The same can be said about IICA's support in this area since its program was established over twenty years ago.

Some 23 years have passed since animal and plant health programs were added to the areas in which the IICA committed itself to providing support and assistance to its Member States. During these years, the programs worked with the Ministries of Agriculture in Latin America and the Caribbean to build upon and improve their agricultural health organizations' capabilities. Efforts were made to provide sound advice and guidance in improving organizational structure and operating methods. And, even though funding was limited, a number of important initiatives were carried out. Examples of these would include: A compendium of animal drugs and antibiotics authorized for use in member countries was prepared to facilitate the inter-country movement of livestock and to help avoid residue problems; a compilation of existing agricultural regulations was developed for the member countries to assist them in harmonizing their requirements and enhancing opportunities for trade; and steps were taken to lay the groundwork for a hemispheric animal health association – that would include representation from the livestock industry, national regulatory agencies, academic community and related private sector groups such as the pharmaceutical and feed industries – with the eventual goal to propose a similar organization for the grains and horticulture industries. Others could be listed but, notwithstanding these important actions, the program's results fell short of expectations – the program's potential for working closely with the countries to strengthen their national agricultural health organizations was not fully reached.

Today, there is a new urgency to build on and improve the national Agricultural Health and Food Safety (AHFS) programs of the hemisphere. It is no longer enough for government officials to understand that animal and plant diseases and pests can have a devastating effect on any country's agricultural economy, or that foodborne illness can cause large numbers of people to get sick and, in some cases, to die. It must also be understood, as has become widely recognized in recent years, that the health status of livestock, the sanitary condition of fruits and vegetables, and the ultimate safety of foods consumed by a nation's citizens are closely connected. And, whereas the agricultural industry has known for years the adverse effects of outbreaks of animal or plant pests and diseases on production, only now has that industry -and governments- begun to see not only their impact but also that of food safety concerns on agricultural trade, public health policy, food security, tourism and the environment. These additional impacts have led to an expanding role for AHFS programs, a situation likely to be more pronounced in coming years.

As the world in which AHFS programs operate has become more complicated and challenging, several reasons have emerged for advocating a substantially increased emphasis on the work of IICA's Agricultural Health and Food Safety program. A brief survey of worldwide livestock and crop production the last several years reveals the emergence of a growing number of disease and pest problems. Some of the animal diseases such as BSE ("mad cow disease") and salmonellosis pose a direct threat to the public health. And, as a result of production practices in parts of the world wishing to export fruits and vegetables, a number of outbreaks of human illness have occurred in the importing countries due to bacterial or parasite contamination, a problem which in some cases has disrupted trade severely. In addition, there are those diseases or pests of crops such as the Mediterranean fruit fly, the pink hibiscus mealybug and others that directly affect production and thereby reduce significantly the food supply to populations that often lack adequate nutrition. The number of problems appears to be increasing rather than decreasing.

Another reason has to do with the funding level and allocation of human resources made available to IICA's AHFS program to provide technical support and assistance to the Member States' organizations. For many years, the AHFS program has been allocated fewer funds and personnel than were required to fully support the growing needs of the Member States' AHFS infrastructures. The budget was often insufficient to provide the kind of support and assistance to the national organizations that could have had a major impact.

A final reason has to do with timing. There is a unique opportunity to take advantage of two favorable changes that could have a significant impact on the future of AHFS organizations in the hemisphere: There is an increasing recognition by many countries that they must work on their AHFS infrastructures and generally improve the quality of services if they are to meet not only the requirements of the WTO and the FTAA but

also the increasing demands of consumers and other specific interest groups; and, in addition, international funding agencies and technical assistance agencies are rediscovering that a strong, healthy agricultural economy is very important for the great majority of countries and appear ready to provide more support for strengthening AHFS programs.

A final point that must be raised is the importance of IICA's Member States' involvement in the decision making when it comes time to consider the assessment team's recommendations to be found in this final report. The Team is pleased to have had the Director General's support during the assessment process and is certain that he, too, wants the active participation of IICA's membership in this final phase of the effort. The views of the Member States on any aspect of the review/assessment are welcome.

### **The Assessment Process: People and Structure**

In order to put together a knowledgeable and highly qualified Assessment Team (AT) for the evaluation a request was made to all the regions for the names of well-known, experienced professionals in the appropriate disciplines. From the list of those proposed one individual from each of the five regions was chosen, as follows: Dr. Winston Small, a plant specialist with extensive regulatory experience, of Barbados; Dr. Bernardo Lopez, Guatemala, an agricultural economist well versed on agricultural health and food safety issues as they affect trade; Dr. Juan Gay, Mexico, a veterinarian with lengthy experience as a consultant to various agricultural health programs in Latin America; Dr. Aldo Malavasi, a plant scientist from Brazil who has worked with agricultural health programs worldwide; and Dr. Luz Alba Cruz from Colombia, a veterinarian widely respected for her work on agricultural health and food safety issues.

A series of 12 consultations was arranged covering all the regions: Trinidad & Tobago and Jamaica; Honduras and El Salvador; Mexico, United States and Canada; Chile, Argentina and Brazil; and Colombia and Ecuador. During the consultations two presentations were made to lay the foundation for later discussions: one on the increasing number of roles an agricultural health and food safety program must play as a result of global changes occurring in recent years; and another providing a general assessment of the status of AHFS programs in the hemisphere. Following these, a short presentation was made based on the draft review document which had been distributed to all participants well ahead of the meeting. **(The draft document, along with the "expanded roles" annex is included as an attachment to the present final document)**

During brief breaks between presentations the participants were asked to consider what shortcomings or needs existed in their national AHFS programs, and, based on them, what types of actions or programs/services they would think IICA could provide that would help meet their needs or improve their programs. They were given to understand that the ultimate goal of the discussion to be held after the presentations



was to get feedback from which the AT could develop recommendations for changes in the role and program content of the IICA AHFS program that would make it more responsive to Member States' needs.

The discussion periods, usually of about two hours' duration, raised a wide range of issues, all germane. The comments and suggestions from participants were considered carefully by the AT as it formulated its recommendations, proposed a redesigned IICA AHFS program and attempted to devise some alternatives to the current funding arrangements which the assessment found to be inadequate.

The AT would like to acknowledge the support and cooperation it received from the IICA country representatives and their office personnel in all the countries it visited. Thanks are also in order for the assistance and hospitality provided by the four regional AHFS specialists. Special thanks also to the staff of the IICA AHFS program for their administrative support - travel arrangements, etc.- throughout the assessment. It would have been very difficult to arrange for and hold all the consultations without the help of many good people.

### **Mission and Strategy of IICA's AHFS Program**

A lengthy discussion of the AHFS mission and strategy was included in the draft document prepared for the country consultation, and when the earlier draft was presented, the missions of both IICA itself and of the AHFS were reviewed, as were the strategic lines of action that would fulfill the objectives of the mission statement. Only one person in any of the consultations chose to comment on the mission or the strategy to pursue it. That person suggested an updating of the mission statement in light of WTO/SPS developments in recent years and the emergence of food safety as both a public health and trade issue. Paraphrasing the language that was proposed, the revised mission might read: *"Assist Member States in strengthening their animal and plant health and food safety capabilities, with a special focus on strengthening regulatory capacity to comply with international rules as well as their ability to participate fully in developing those rules, in order to compete successfully in national and international markets and contribute to safeguarding consumer health."*

Certainly the inclusion in the mission statement of the reference to strengthening regulatory capacity would flag this important action. However, one of the strategic lines of action stresses the need to get effective AHFS infrastructures in place and this would include, among others, well-written laws and regulations. Whether a change of this nature should be made is probably best left to the IICA AHFS program personnel but the AT believes it should be considered.

### **The Assessment**

#### **General observations**

During the review of IICA's AHFS program there were many opportunities for the members of the AT to discuss in detail the future of the program. In addition, they took an active part in the wide-ranging exchanges of ideas and comments with participants in the consultations themselves. From these experiences there emerged a number of general observations: Some are positive and indicate that a strong IICA AHFS will be needed in the future; others reveal there are numerous weaknesses in many national AHFS programs; and yet others point to concerns about how IICA's management systems affect the implementation of the strategic lines of action, related activities and resources available for support.

On the positive side, there is a broad consensus that the SPS agreement of the World Trade Organization is creating many new trade opportunities for countries prepared to meet the strict requirements. Though there is general agreement that a basic level of technical capabilities is present in many national AHFS programs, these same countries recognize that now is the time to strengthen their national services. Importantly, the IICA AHFS program is well positioned to work with Member States to improve their programs and to work with countries that want IICA's program to provide leadership and continuity over the long term, especially where a program is put in jeopardy when there is an economic downturn.

On the other hand, there are many countries that have not yet acted to make the changes in their AHFS programs required as a consequence of signing the WTO agreement. And there are still those countries that adhere to a traditional role for their programs and have been slow to recognize the importance of interrelated roles for the public and private sectors. Further, there are quite a few countries that rely on IICA's AHFS program to provide important services because the national programs are underfunded year after year. Surprisingly, in some programs the AT found it was not uncommon for there to be a significant lack of understanding and communication between technical staffs and policy/decision makers regarding the role of an AHFS program and its importance.

Much useful information was developed through use of a six-part questionnaire (**a copy is provided in the attachments**) distributed to key people in many countries as well as to all participants in the country consultations. Respondents were asked to rank as "very important", "important" or "less important" a lengthy list of characteristics and capabilities usually associated with an effective AHFS program. Some of the findings were:

- Almost all respondents indicated that qualified personnel, adequate budget and good technical capability were "very important".
- Access to foreign markets and collaboration/interaction with the private sector were judged "important" by a significant number of respondents.

- A small percentage of respondents ranked almost all characteristics as “less important”.

In the view of the AT all the characteristics and/or capabilities merited a “very important” rank, suggesting that there are personnel associated with many of the national programs who do not have an appreciation of the importance of certain AHFS program components. Educating all personnel in the national programs about the importance these capabilities is something that will have to be addressed at an early date.

The concerns that emerged in the review regarding IICA’s program centered on the overall budget for the AHFS and how it is ultimately used. The AT’s thinking was as follows: Four strategic lines of action are defined in the medium-term plan in order to focus on high priority objectives and because the resources available are not without limits. It is understood that not all activities that fit under the umbrella of AHFS would necessarily fit under the four strategic lines of action. This last point is important in that the annual report presented at the last IABA meeting described some activities carried out at the country level under the AHFS rubric. While some of the descriptions given suggest the activities could have supported the strategic lines of action, many others were unclear. Since the time allowed for the assessment was too short to follow up on this matter in detail, the Team determined that a straightforward comment on the matter would have to suffice, as follows: A major part of the AHFS budget is distributed to other units in IICA and, thus, decision-making regarding the use of over 80% of the budget resides in the hands of many different units within IICA. As a result, use of these funds may or may not be supportive of the AHFS strategic lines of action.

### **Suggestions arising during the assessment for a reoriented IICA AHFS program**

In addition to the various observations that were drawn from the consultations and AT discussions there were many suggestions made in the consultations as to the program makeup of a redesigned IICA AHFS program; in other words, what the participants thought were the most important areas in which the program should develop a strong capability to provide assistance. The following are selected from those suggestions as examples because they were proposed during discussions in three or more of the regions and they fit well with the AT’s thinking as to program content:

- Redefine IICA’s AHFS program to focus on a limited number of clearly defined activities that, though implemented nationally, would have a positive impact at the regional level or beyond.
- Identify technical cooperation projects that have been successful in one or more countries and work to transfer the good experience to other countries seeking similar results.
- Develop management/leadership training programs for key people in national programs in order to improve organizational skills.

- Continue to liaise with international organizations such as the WTO, OIE, IPPC etc. to be able to provide Member States accurate information on their activities, at least for the short term, until countries can arrange for their own participation.
- Provide ongoing assistance to member countries on Sanitary-Phytosanitary (SPS) issues, an activity that will continue to grow in importance.
  - Improve the capabilities of program officials to negotiate science issues with international organizations
  - Develop a series of preparatory sessions for member country delegates to WTO, SPS, IPPC, Codex and OIE meetings to better equip them to participate in the discussions.
- Work with countries, where appropriate, to develop “horizontal technical cooperation” initiatives with their neighbors wherein all the countries benefit from the coordinated effort.
- Consider developing a research component for the program when conditions permit consisting of specialists to help coordinate research activities in various member states and address problems common to several countries with a maximum effort.

As the AT reviewed the many proposals and suggestions for a redesigned IICA AHF program it became clear that what was emerging was a blueprint for a program that would be a strategic partner to the member countries’ own programs. IICA’s AHFS would provide the support and assistance needed to strengthen specific areas and help national AHFS programs rise to a new level of performance –and the AT took this to mean that countries in LAC do intend to focus on agriculture as the economic engine of growth, that increasing production, working to reduce food safety problems and assuring access to international markets all would be high on the list of strategic priorities. With this in mind the AT determined that the key suggestions for a new IICA AHFS that had sprung from the consultations had to figure prominently in the assessment’s recommendations.

#### Proposed Redesign of the IICA AHFS program

All through the review process the AT was cognizant of the need to consider various options for restructuring the AHFS program. A proposed change would have to take into account several important factors: the language of Resolution 367 indicating the Executive Committee wanted to strengthen and improve the program; the results of both the consultations and the discussions among the AT members making it clear that a new AHFS program would have to focus on a limited, well-defined set of activities; the fact that proposing any change to “strengthen and improve” the program would lead inevitably to considering how the budget published for the AHFS program is allocated in the future; and whether the governing bodies would be receptive to changes being proposed.

The AT looked at three possible program design options: one would continue the current basic program with a few minor changes and a slightly increased operating budget for the program directorate; another went to the extreme in considering a program capable of meeting essentially all possible country demands and also dealing with emerging issues (and requiring a large budget, in excess of the currently published budget); and a third that could be looked upon as the middle ground, with a well-defined but limited set of activities and a budget that would stay within the figure published for the program. However, this third option would necessitate a major change in that the budget would be allocated to specific activities that would support the strategic lines of action.

During the consideration of the options the Team discussed at some length the first one mentioned and decided it would do little to improve the program. Although a very modest increase in funding of the AHFS directorate was envisioned, it essentially represented maintaining the status quo, in which case it would not satisfy the expectations of the Executive Committee, nor of most other shareholders.

The second option was seen as a program capable of meeting all the demands likely to be made of IICA by the countries, and justifiable, perhaps, because of the importance of AHFS programs in the hemisphere, but unrealistic in the current situation. The AT estimated the total budget of this option could easily exceed US\$10 million. This left the Team with the third option which represents a middle-of -the-road compromise, but one that, if properly designed, can successfully address essentially all of the priority needs of national programs; it can also stay within the current AHFS budget, provided there is a significant change in the budget allocation procedures or an alternative source of funding can be identified.

#### Proposed Content of the Redesigned AHFS Program

The AT developed three separate packages of activities for the selected program option in the belief there should be an initial core group of activities to which other, more targeted activities could be added as funding arrangements were put in place. As envisioned by the Team this core program would be comprised of a set of ongoing activities supported by the base IICA/AHFS budget. The activities in this case would enable the program to work effectively with national programs to improve their AHFS services, help them comply with the WTO/SPS requirements and, in general, address the priority areas that surfaced repeatedly during the consultations. The Team identified nine activities to make up the core program:

- Raise the awareness of –do a better job of educating – the senior personnel of national AHFS programs as well as ministry officials that “new” AHFS programs (and the roles of the public and private sectors) are very different from the traditional programs of the past.

- Help countries first do an assessment, and then periodically measure advances made in performance and quality of their AHFS services.
- Develop and implement training of AHFS supervisory personnel to enhance their skills in management, leadership and communication.
- Provide timely analysis of norms, standards and SPS trade-related matters issued by the WTO/SPS committee. Explore the possibility of hosting secretariats for the Codex, OIE, and IPPC organizations.
- Work to build both credibility and close ties with financial institutions in order to be more involved in providing technical expertise to them when the need arises.
- Serve national programs by collecting and disseminating important information on AHFS topics (website and other electronic media).
- Try annually to analyze in depth and report on several emerging issues that may be of critical importance to all countries either as potential threats or great opportunities.
- Document and disseminate examples of successful AHFS initiatives that could be adopted to improve AHFS programs in other countries.
- Coordinate/facilitate a program of “country to country” -horizontal- technical assistance (resources provided by the countries involved).

The estimated budget for the core program is US\$2.16 million per year and is shown by line item below. Taking into account the time required to work through the funding details, the AT was of the view that all the proposed core activities could be phased in during a two year transition period. The budget issue will be covered further in the section titled Organizational Structure and Budget.

### Budget for Proposed Core Program

THE PROPOSAL IS TO PHASE IN FUNDING OF ALL CORE ACTIVITIES OVER THE NEXT TWO YEARS	
Activity to be carried out	Budget US\$
1. Requirements of NEW national AHFS services	258,538
2. Assess effectiveness of national AHFS services	344,538
3. Provide leadership/management training	626,875
4. Provide timely analysis of SPS issues	307,625
5. Build technical credibility with financial institutions	153,488
6. Provide disease and pest information on website	115,938
7. Assess, analyze and report on key emerging issues	153,488
8. Disseminate examples of successful AHFS initiatives	103,438
9. Facilitate country to country short term technical assistance	95,938

Since there are a number of important additional activities that could be included in the IICA AHFS program when funds are available, the AT put together one package of what it termed “limited-timeframe-activities” that would benefit all member countries and a second package made up of limited-timeframe activities that benefit groups of countries. In both instances activities identified would have a limited time horizon of perhaps 3-5 years and the personnel needed to carry out an activity would be contracted for, as needed. Regarding budgets for these add-on packages, where all countries benefit the AT proposes funding come from the base IICA budget, targeted funds or other external sources. An initial estimate of the budget required for the package is US\$1.38 million based on activities that can be readily identified at present (see below). For activities in the second package funding would be provided by the country benefiting or come from other external sources. A combination of sources would also be an option.

The AT developed a list of several activities that would typify those benefiting all Member States, as follows:

- Assist countries in increasing their participation and effectiveness in the WTO/SPS committee.
- Assist countries by developing a model law for the agri-food chain that can serve as a reference for a country or be tailored to an individual country’s legal system.

- Support an FTAA/SPS working group to help speed up implementation of the SPS agreement in the Americas.
- Provide information on the importance of specific Codex Alimentarius committees for each country and encourage their active participation.
- Arrange to serve as the technical secretariat for the Codex, OIE and IPPC regional operations.
- Facilitate interactive events for national AHFS programs' decision/policy makers to share experiences, encourage dialogue and promote sustainability.

The AT also noted during the consultations that there were already a few projects underway in several of the regions that are designed to benefit some or all of the countries and for which funding would be provided either from external sources or the countries themselves. Current projects are in Central America, the Caribbean and the Southern Region, and the potential for adding to this list is considered to be substantial.

Specifics on current or planned projects:

- Complete the Carambola fruit fly eradication program in Suriname
- Technical support for the Caribbean Agricultural Health and Food Safety Agency (CAHFSA) initiative (Caribbean)
- Assist in the formation of a shared surveillance initiative for fruit flies (Chile, Bolivia, Peru, Argentina)
- Provide SPS support for the Central America Free Trade of the Americas (CAFTA) initiative (Honduras, El Salvador, Costa Rica, Nicaragua, Guatemala)
- Formation of a regional center for risk analysis (Colombia, Ecuador, Peru, Venezuela, Bolivia) and possibly Central America

## **Organizational Structure and Budget**

Among the several areas identified for review by the AT in the Executive Committee's resolution No. 367 is the adequacy of the IICA-AHFS program's structure and budget to meet the future strategic interests of the hemisphere. In the draft document these areas were covered, but only to the extent of providing information about the budget and personnel with which the AHFS is operating currently. The point was made that neither the budget nor personnel were at a level needed to deliver a comprehensive program.

The AT believes these subject areas are critical to the review of the IICA AHFS program because both the structure and budget must be changed if a dynamic, effective program is to be achieved. The participants in the consultations also urged that these issues be addressed in the assessment and that possible remedies be explored. The Team is aware, however, that entering these areas requires looking at practices currently in



place IICA-wide and which, in fact, have been in place for perhaps two decades or more.

**The Budget.** Every two years a biennial budget for IICA is presented to the Executive Committee for discussion and approval prior to the IABA meeting. Although the AHFS directorate prepares a program of action along with an estimated budget (based on allotted budgets of preceding years), it has no role in the preparation of the overall budget for AHFS or in how it is subsequently allocated to the program directorate and the regions. For 2003, IICA's governing body approved US\$4,66 million for AHFS. Of this, 6.5 percent was assigned to headquarters for salaries and to provide US\$60 thousand for operating expenses. Another 10.5 percent was divided among the five regions to cover salaries of four regional specialists and provide US\$20 thousand to each region for program activities. The remainder, approximately US\$3.8 million, was distributed to other units of IICA, including the country offices; the varying amounts involved are identified in budget documents.

It is at this point that the AT was unable to determine how the funds are being used –for general AHFS activities, targeted support for the four AHFS strategic lines of action or for other purposes. The Team is certain that some of the AHFS funds are being used to support activities related to the program. However, it is equally certain that a substantial part of the funds is used for office administrative costs and operating expenses, but nowhere does this information appear. It is this lack of transparency that is troublesome because the published AHFS budget of US\$4,66 million raises expectations, expectations that cannot be met by the program. The AT believes a more transparent budget process would likely lead to a reconsideration of how the IICA budget is allocated and could lead to increased support for the program. A critical review of the process is needed.

Another matter of concern about the budget is the number of people that influence “where” and “for what” the funds are used. The program directorate has established the AHFS strategic plan with its four lines of action that ostensibly are understood and supported throughout the IICA organization. But, once the budget is allocated under the present system –a system that has been in place for many years- many other IICA personnel have a role in determining how the funds are used. This fact alone makes it difficult, if not impossible, for the AHFS directorate to assure that program funds are supporting program activities. The AT believes this system should be reviewed with an eye to improving coherence and accountability.

Reviewing the AHFS budget for the last several years the AT was unable to find any indication of redirection of resources based on changing priorities or program content and, over time, the overall budget and/or the allocations to the program directorate have decreased. In fact, the budget allocated to the AHFS program for 2003 is the lowest it has been in many years –and this is a time when AHFS should be a priority area, not only for IICA but also for a majority of its Member States. The AT took note,

however, that notwithstanding the limited present funding level the current overall AHFS budget would support the proposed core program and the package of limited-timeframe activities to benefit all member countries that were described earlier in this document. In the future, the AHFS directorate, responsible for developing and carrying out the AHFS program, should also be delegated the authority to develop an annual budget, see it through the approval process and then manage the use of all funds allocated to the AHFS budget line item.

**Personnel.** Personnel are a critical component in carrying out the AHFS strategic lines of action. Current staffing falls well short of the numbers needed to carry out a comprehensive set of actions such as those included in the proposed core program and limited-timeframe activities, and an increased budget would provide for additional professional personnel. At present there are six international professionals and one local professional, with four of the former assigned to duty posts in the four regions of Latin America and the Caribbean. The program would be much better served if the specialists were either returned to the AHFS headquarters where the opportunity to work directly with colleagues would increase their effectiveness, or left in the regions, but with very clear reporting lines to the AHFS directorate.

**Organizational structure.** To facilitate the efficient delivery of products and services to Member States, the IICA organizational structure should allow decisions to be taken at the program level in a timely manner. Time spent seeking approval for planned program actions and responding to administrative requests unrelated to program and services delivery, plus time required for meetings, can easily become a major limiting factor in program delivery and more should be done to streamline these procedures. With limited financial and personnel resources, the organizational structure should be carefully monitored, reviewed and adjusted so that time and resources devoted to administrative tasks do not limit program effectiveness.

### **Addressing the Chronic Budget Shortfall in the AHFS Program**

In most organizations a proposed annual or biannual budget is developed in each of the organizational units based on plan of work and personnel needs. There is usually extensive negotiation - give and take - before a budget is finalized. In the process the plan of work may be modified and, in some cases, there may be personnel changes. Once that plan and budget are approved the director of the unit implements the plan and manages the whole of the budget to support that plan. The director is also held accountable.

This is not, and has not been for years, the system used in IICA, a matter which is discussed elsewhere in this document. It is sufficient to note that the AHFS program directorate plays essentially no part in the budget preparation and is simply provided annually with a level of funding below that needed to support a meaningful program. In order to remedy the chronic under-budgeting of the AHFS program some

alternatives to the present system must be considered. This is not meant to be a detailed description of all possible ways in which IICA and the AHFS program might be able to generate a more satisfactory operating budget. Rather, a few ideas are being presented for the purpose of encouraging consideration of options which may lead to a consensus on how the budget problem might be addressed.

1. At present -and for many years past- a large part of the funding received annually by IICA from its Members has been used for maintaining offices in the member countries. Each office is staffed and equipped, as well as allocated a budget whose uses are determined by the office itself, although essentially all of it derives from the technical programs which have little input into how the funds are used. The suggestion here -for consideration- is whether consolidating country offices might be a dramatic way of freeing funds for program activities. The savings from a consolidation of this type in one or more of the regions would greatly increase the funding available for IICA's programs to provide meaningful technical cooperation and support.
2. Another possibility would be for the various services provided by AHFS program personnel at the request of a Member State to be reimbursed through a system of user fees, a method by which the operating budget would be replenished in an ongoing manner.
3. A further possibility could be that the AHFS program personnel operate as consultants out of headquarters and/or regional locations with sufficient IICA budget support to provide analysis, evaluations and recommendations with regard to national program operations. The individual countries wishing to act on such reports and recommendations would seek funding from financial institutions and then could contract with IICA to execute the project or to provide oversight while the country itself carried out the reports' recommendations.
4. A careful review of the current budget process in order to increase transparency regarding its allocation and use could result in more funds remaining with the AHFS program.
5. Donor countries may have an interest in sponsoring certain AHFS activities either by voluntarily increasing their quota contribution or earmarking part of their quota.
6. Members of the AT suggest that transnational agricultural firms might be approached regarding funding specific program activities in agricultural health and food safety, e.g. Elanco, Merck, etc.
7. It may also be possible to set aside some part of the AHFS-derived funds when they are allocated to the country offices. The AHFS directorate could then work with both the country and the IICA representative in determining the best use for these funds in support of the strategic lines of action.

These are suggestions of possible avenues to explore in dealing with the AHFS program budget issue and there are undoubtedly others that would be feasible. What is certain at

this point is that the present annual budget allocation for the AHFS program permits little in the way of a significant contribution to the modernization of AHFS programs or to any of the other needs identified by Member States in the consultations.

## **Recommendations and Conclusion**

The next several years will be critical for the Agricultural Health and Food Safety programs of IICA's Member States. The continuing globalization of world economies, the need to comply with the WTO/SPS requirements in order to access international markets and the growing importance of food safety concerns will continue to challenge many national AHFS programs. With the full implementation of the FTAA agreement the new demands on programs will only add to that challenge.

Any country that aspires to full participation in the world agricultural economy will need a strong, competent AHFS program. It is to this end that the IICA AHFS program has been directing its efforts in recent years, positioning itself as a strategic partner to the national programs and, to the extent its resources permitted, providing support and assistance to them in meeting their program improvement objectives.

With this as a backdrop, and drawing upon the productive discussions among the AT and the thoughtful comments emerging from the country consultations, the Team developed a list of recommendations targeted to the Member States themselves, to IICA as an organization and to the AHFS program. The recommendations that follow are not for the purpose of addressing the available resources or structural issues but rather are an attempt to create an overall environment in which all the parties interested in having a responsive, effective IICA AHFS program are doing their part to assure that the objective is achieved.

↳ For Member States (Ministers of Agriculture, Board Members):

- Work to build a sustainable, effective AHFS program in IICA; use it strategically, not as a substitute for deficiencies in national AHFS programs.
- Utilize the governing bodies to assure that adequate resources are available to the AHFS program to meet the Member States' expectations.
- Support staying the course with AHFS activities agreed-to in the budget and avoid redirecting resources to new requests.
- Emphasize the AHFS program's comparative strengths when negotiating or planning activities with other organizations such as FAO, PAHO, OIRSA, etc.
- Prepare carefully for meetings of the international organizations to avoid approving programs of work that duplicate those of others.

↳ For the IICA organization:

- Require the AHFS program to adhere to one, well defined but limited set of technical activities to address needs common to many countries.

- Ensure transparency by preparing a budget that has cost estimates for all proposed activities in the AHFS line item.
- Delegate the requisite authority to the AHFS program personnel responsible for implementing the strategic lines of action.
- Maintain the integrity/continuity of approved program actions and resist shifting resources or priorities based on new requests.
- Review the non-program, administrative demands on professional staff time and seek ways to reduce them.
- Develop an orientation program for each new agriculture minister to inform that person about the AHFS program capabilities and the role it can play in working with the national program; such an orientation might also be useful for other IICA technical programs and could be accomplished through the creation of a video presentation or a personal presentation carried out by an IICA representative.

↪ For the AHFS program, (based on the strategic lines of action).

- Provide training in management, leadership and communication in Agricultural Health and Food Safety.
- Raise the awareness of decision and policy-makers in both the public and private sectors regarding the importance of a strong AHFS program – for growing their agricultural economies, increasing trade, protecting public health and promoting rural development.
- Emphasize program activities having an impact at the regional and hemispheric level based on the strategic lines of action, even though most would be implemented at the country level.
- Carry out a program with well-defined strategies and focused activities.

Turning now to the issues of resources available and program structure that were raised in Resolution 367, the assessment found that the AHFS program does not have the operating budget or the professional staff to be a full partner to Member States in efforts to modernize national programs or follow through effectively on the other strategic lines of action. However, in this final report of the Overall Assessment the AT has proposed a redesigned, expanded AHFS program along with an estimate of budget requirements to support it that, if adopted, can make a serious and much needed contribution to the future of national AHFS programs in the hemisphere.

The AT, therefore, strongly recommends that the governing bodies study the proposal – and the rationale behind it- and move to adopt the changes at an early date.

Because the expanded nature of the proposed program requires a substantial increase in support and resources for executing specific activities that directly relate to the strategic lines of action and will be managed by the AHFS directorate, the AT recommends further that the governing bodies name a panel to: i.) review the process and outcome of the budget allocation system used by the organization and determine

what changes may be desirable; ii) in the interest of freeing-up funds or increasing the overall IICA budget, consider the several options suggested in the document plus any others that may be identified; and iii) monitor the implementation of the AHFS work plan and use of budget to assure that the program is meeting expectations.

Clearly the adoption of these proposed changes will have an impact on the IICA organization and the Team chooses to believe the impact would be beneficial. One of the individuals who submitted comments about the future of IICA's AHFS program reminded the team of an observation made by Charles Darwin years ago to the effect that the species that survives is not necessarily the strongest or the most intelligent but rather the one that can change and adapt most quickly. The analogy is not perfect but in a world undergoing change at a rapid pace, particularly in ways that profoundly affect agricultural health and food safety programs, the handwriting on the wall says IICA's program must change, if for no other reason than to provide leadership and assistance to the many countries just beginning the process of catching up with those that began modifying their programs some time ago.

The changes proposed in the makeup of the IICA AHFS program and in the budget needed to support it fulfill the request made in Resolution 367 for a strengthened and enhanced AHFS program. Thus, it comes down to the governing bodies having to weigh the choices: leave the program "as is", reflecting a preference for the flexibility of the current system; or adopt the assessment's recommendations, indicating a determination to have more resources directly focused on improving national program capabilities. The latter choice would require a transition period to phase in the necessary adjustments but much could be accomplished in a matter of months. This is a critical moment for the AHFS program, the IICA organization and the Member States. The decision to be made will determine whether IICA will have an AHFS program capable of providing technical cooperation and support that helps national programs perform at a level that helps assure their agricultural sectors and economies are healthy and prosperous.

## **Annex I**

### **Review and Recommendations for IICA's Agricultural Health and Food Safety Program**

#### **Executive Summary**

The Executive Committee of the Inter-American Institute for Cooperation on Agriculture, recently adopted Resolution No.367, calling for an overall assessment of IICA's Agricultural Health and Food Safety (AHFS) program. This assessment covers several objectives including: identifying future AHFS interests in the hemisphere, reviewing the adequacy of the IICA AHFS program to meet these interests, and to making recommendations to strengthen and enhance IICA's AHFS program to better meet Member State needs.

There is little doubt that agriculture will play a major role as the economic engine for growth in the Americas. And while some countries may also rely on sectors such as tourism and others will become more industrialized, there will be a parallel need to strengthen their agricultural sector for growth to occur. In recent years, it has become widely recognized that the health status of livestock, the sanitary condition of fruits and vegetables, and the ultimate safety of foods consumed by a nations' citizens are closely, and irrevocably connected.

The mission and strategic lines of action of the IICA AHFS program appear to be well identified and correspond with today's realities. Actions in AHFS impact production, trade, competitiveness, food security, tourism, public health and the environment - factors of mutual concern for all of the 34 Member States. Because IICA is hemispheric and AHFS affects all countries irrespective of geographic or political boundaries, the AHFS program has a unique and comparative advantage, perhaps more so than in any other technical area within IICA.

For each of the past 22 years, the AHFS program has been allocated far fewer funds and personnel than were required to fully support the growing needs of the Member States' AHFS infrastructures. While the case could be made during this period that agricultural health had as high a priority as any of the programs being managed by IICA at any time, the budget was often insufficient to provide the kind of support and assistance to the national organizations that could have had a major impact.

There are several possible solutions to enhance the AHFS program and address resource and funding constraints. The delegation of authority to those individuals having responsibility for a program's management can do much to improve the delivery of program products and services. However, to establish a credible and comprehensive AHFS program, the Director General of IICA will need the full support of the Member States' in seeking out and putting in place a budget strategy that will assure the necessary resources are available to sustain the program. If this is not done, IICA's ability to help address the Member States' needs will further diminish. This cannot be allowed to happen.

## **Preface**

The Executive Committee of the Inter-American Institute for Cooperation on Agriculture, at its twenty-second regular meeting on 2-3 October, 2002 adopted Resolution No.367, calling for an overall assessment of IICA's Agricultural Health and Food Safety (AHFS) program. As guidance for the assessment the committee indicated that it should:

- Assess the current situation as well as major issues facing AHFS programs of IICA's Member States;
- Identify future strategic interests in the hemisphere, in relation to the current and future trade environment;
- Review the adequacy of the IICA AHFS mission and structure to meet future strategic interests of the hemisphere;
- Assess whether resources available to the IICA AHFS are adequate to meet future strategic interests, and;
- Develop recommendations to strengthen and enhance IICA's role in the AHFS infrastructures.

The Committee also directed that an assessment team or group be established with the participation from all the regions of the hemisphere and set a deadline for completion of the assessment.

## **Introduction**

The Member States of IICA are all working to grow their economies, bring development to their rural sectors, improve the quality of life for their citizens and, overall, make their countries stronger, more competitive and successful in future years. It can be risky attempting to predict how these objectives will be achieved but there seems little doubt that agriculture will play a major role as the economic engine for growth in most all of Latin America and the Caribbean. Granted, there will be some countries that will rely heavily on tourism, others that will industrialize to help achieve their objectives but, even in these cases there will be a parallel need to strengthen their agricultural sector to gain the benefits that accrue.

A strong agriculture is more productive; and more production leads to a growing agricultural economy which, in turn, justifies and encourages putting more resources into the development of the rural sector. At the same time, increased production contributes to better nutrition domestically and opens the important possibility of exporting any surpluses. These benefits provide a very good reason why all the countries of the world that have achieved "developed" status and enjoy favorable economic conditions have nurtured and protected their agriculture sectors as a critical component of their national economies. A significant part of the nurturing and protecting is in the provision of national programs for animal health, plant health and food safety, programs that are considered investments in the future and not as burdensome expenses or costs.

Some 22 years have passed since animal health and plant health programs were added to the areas in which the IICA committed itself to providing support and assistance to its Member States. During these years, first singly, then merged into one, these IICA programs worked with



the Ministries of Agriculture in Latin America and the Caribbean to build upon and improve their agricultural health organizations' capabilities. Efforts were made to provide sound advice and guidance in improving organizational structure and operating methods. And, even though program funding was limited, a number of important initiatives were carried out; examples of these would include: A compendium of animal drugs and antibiotics authorized for use in member countries was prepared to facilitate the inter-country movement of livestock and to help avoid residue problems; a compilation of existing agricultural regulations was developed for the member countries to assist them in harmonizing their requirements and enhancing opportunities for trade; and steps were taken to lay the groundwork for a hemispheric animal health association – that would include representation from the livestock industry, national regulatory agencies, academic community and related private sector groups such as the pharmaceutical and feed industries – with the eventual goal to propose a similar organization for the grains and horticulture industries. Others could be listed but, notwithstanding these important actions, the program's results fell short of expectations – the program's potential for working closely with the countries to strengthen their national AHFS organizations was not fully reached.

Today, there is a new urgency to build on and improve the national AHFS programs of the hemisphere. It is no longer enough for government officials to understand that animal and plant diseases and pests can have a devastating effect on any country's agricultural economy, or that foodborne illness can cause large numbers of people to get sick and, in some cases, to die. It must also be understood, as has become widely recognized in recent years, that the health status of livestock, the sanitary condition of fruits and vegetables, and the ultimate safety of foods consumed by a nation's citizens are closely, and irrevocably connected. And, whereas the agricultural industry has known for years the adverse effects of outbreaks of animal or plant pests and diseases on production, only now has that industry -and governments- begun to see not only their impact but also that of food safety concerns on agricultural trade, public health policy, food security, tourism and even the environment. These additional impacts have led to an expanding role for AHFS programs, a situation likely to be more pronounced in coming years. (See Appendix II, "The Expanded Roles for Agricultural Health and Food Safety Institutions").

As the world in which AHFS programs operate has become more complicated and challenging, several reasons have emerged for advocating a substantially increased emphasis on the work of IICA's Agricultural Health and Food Safety program. A brief survey of worldwide livestock and crop production the last several years reveal the emergence of a growing number of disease and pest problems. Some of the animal diseases such as BSE ("mad cow disease") and salmonellosis pose a direct threat to the public health. And, as a result of production practices in parts of the world wishing to export fruits and vegetables, a number of outbreaks of human illness have occurred in the importing countries due to bacterial or parasite contamination, a problem which in some cases has disrupted trade severely. In addition, there are those diseases or pests of crops such as the Mediterranean fruit fly, the pink hibiscus mealybug and others that directly affect production and thereby reduce significantly the food supply to populations that often lack adequate nutrition. The number of problems appears to be increasing rather than decreasing.

Another reason has to do with the funding level and allocation of human resources made available to IICA's AHFS program to provide technical support and assistance to the Member States' organizations. For each of the past 22 years, the AHFS program has been allocated fewer funds and personnel than were required to fully support the growing needs of the Member States' AHFS infrastructures. While the case could be made during this period that agricultural health

had as high a priority as any of the programs being managed by IICA at any time, the budget was often insufficient to provide the kind of support and assistance to the national organizations that could have had a major impact (See Appendix I, Budget and Personnel for IICA and AHFS program, Tables 1-4).

A final reason has to do with timing; there is a unique opportunity to take advantage of two favorable changes that could have a significant impact on the future of AHFS organizations in the hemisphere: There is an increasing recognition by many countries that they must work on their AHFS infrastructures and generally improve the quality of services if they are to meet not only the requirements of the WTO and the FTAA but also the increasing demands of consumers and other specific interest groups; and, in addition, international funding agencies and technical assistance agencies are rediscovering that a strong, healthy agricultural economy is very important for the great majority of countries and appear ready to provide more support for strengthening AHFS programs.

A final –very critical – point that must be raised is the importance of IICA’s Member States’ involvement not only in the review/assessment process itself but also in the decision making when it comes time to act on the assessment teams recommendations. From the outset, the Director General has recognized the merit of the proposal for an assessment of the AHFS program and has kept himself informed as preparations and arrangements are made for the undertaking. The assessment team is pleased to have the Director General’s full support and is certain that he, too, wants to have the active participation of, and clear direction from, IICA’s membership in every phase of the effort. The views of the Member States on any aspect of the review/assessment are welcome.

*For the reasons noted, it appears that the stage is set for IICA’s AHFS program to position itself as early as practicable to provide to Member States the support and technical assistance needed to help strengthen and shape their national programs to meet the growing number of new challenges.*

### ***Missions and Strategies of IICA and its AHFS Program***

To understand the thinking and projected plan of action within IICA relative to the Agricultural Health and Food Safety program, a review of the mission statements and descriptions of strategic goals for both entities is in order. The new mission statement for IICA is: *To support the Member States in their pursuit of progress and prosperity in the hemisphere through the modernization of the rural sector, the promotion of food security, and the development of an agricultural sector that is competitive, technologically prepared, environmentally managed, and socially equitable for the peoples of the Americas.* The single strategic goal identified to fulfill the mission is essentially a restatement of the mission itself.

The AHFS program mission is: *To assist Member States in strengthening their animal health, plant health and food safety capabilities in order to compete successfully in national and international markets and contribute to safeguarding consumer health.*

After a series of consultations with a number of countries, this mission statement was adopted in 1998 to reflect the changing global and regional obligations being encountered by Member

States and related in part to the implementation of the Free Trade Agreement of the Americas and the World Trade Organization Agreement on Sanitary and Phytosanitary Standards. This new program mission statement is a substantial departure from a past that had largely focused on specific disease and pest activities. The intent of the mission was clearly defined through four strategic lines of action:

- I. Modernize or enhance AHFS infrastructures vis-à-vis market access, interaction with the private sector, technical capacity and human and financial resources. Support the countries' efforts to develop regulatory mechanisms, science-based technical capacity and sustainable institutional infrastructures.<sup>2</sup>
- II. Work with Member States to apply the provisions of the Sanitary and Phytosanitary Agreements of the WTO and FTAA as well as the Sanitary and Phytosanitary Standards of the international reference organizations Codex Alimentarius (CODEX), the International Plant Protection Convention (IPPC) and the World Organization for Animal Health (OIE). Provide information to the countries on the development of said agreements and standards, as well as on important events that strengthen national and regional capacity in critical disciplines such as equivalence, regionalization, risk assessment, traceability, and harmonization.
- III. Strengthen the ability of the Member States to respond in a timely manner to emergencies and emerging issues in AHFS. Assist countries with early recognition of emerging issues that put at risk animal, plant or human health, or that offer new opportunities to enhance the level of competitiveness or access to new markets. Provide limited resources from the IICA emergency fund when faced with qualified emergencies.
- IV. Support Member States in developing standards and regulations, leadership capacity and technical competence in the area of food safety to be applied across the entire agri-food chain.<sup>3</sup> Adopt initiatives that encompass the agri-food chain, strengthen leadership and political determination, encourage shared responsibility from the producer to the consumer, enhance food safety standards and norms, improve the ability to assess and manage risk, and promote education and information outreach.

Complementing the strategic lines of action and responding to a resolution of IICA's governing body, the AHFS program created an information website, *AgroSalud* (<http://infoagro.net/salud>), to capture timely and relevant information on the multiple roles of AHFS, and generate value added advisories for decision makers and technical professionals in both the public and private sectors. Also to provide timely information and support to build alliances in important areas such as production, competitiveness, trade, tourism, bio-security, public health, food security and the environment.

A careful reading of the well-designed mission statements of both IICA, itself, and the AHFS program, makes it clear that they intend to work toward achieving goals that coincide closely with what are generally regarded as priorities in most countries of Latin America and the Caribbean. Several such priorities quickly come to mind: a productive and growing agricultural

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<sup>2</sup> An AHFS program study completed in 2000 showed that for 31 developing countries in the Americas, their AHFS infrastructures are at less than 50% of the optimal level needed to comply with and benefit from the WTO/SPS agreement.

<sup>3</sup> Three recent and costly problems affecting the entire food chain occurred in Europe: dioxin, foot-and-mouth disease and bovine spongiform encephalopathy (BSE). Each started with feed inputs at the beginning of the food chain but significantly altered consumer behavior at the end of the food chain.

economy, an improved national economy, accelerated rural development and a successful international trade program, among others. The mission statements send a strong signal that emphasis will be given to providing, through the AHFS program, the technical assistance and support that will help Member States' national AHFS programs to fulfill their roles of nurturing and protecting their agriculture sectors.

*Clearly, as a result of the FTAA, WTO and globalization of trade and national economies, the scope of the AHFS program has broadened and diversified, and is no longer a program that simply responds to disease and pest threats. The mission and strategic lines of action of the AHFS program appear to be well identified and correspond with today's realities. Actions in AHFS impact production, trade, competitiveness, food security, tourism, public health and the environment - factors of mutual concern for all of the 34 Member States. Because IICA is hemispheric in coverage and AHFS affects all countries irrespective of geographic or political boundaries, the AHFS program has a unique and comparative advantage, perhaps more so than in any other technical area within IICA.*

### **Specific Actions Corresponding to the Strategies Outlined**

IICA's AHFS program has been considering a number of actions that would form an overall strategy and define the strengths and role of a hemispheric organization. The simple execution of unrelated activities does not require an IICA type organization. Possible actions for each of the strategic lines of action may include the following:

#### **I. Modernize agricultural health and food safety infrastructures**

- Facilitate technical assistance for specific AHFS related topics (e.g. equivalence) by matching groups of countries with identified needs with donor countries willing to provide expertise.
- Identify, document and disseminate case studies and examples that can guide member states in the enhancement of their AHFS infrastructures.
- Provide an accreditation system for technical experts who advise AHFS programs on how to meet the WTO/SPS and FTAA requirements at the national level.
- Facilitate executive training in AHFS program implementation and management development.

#### **II. Work with Member States to apply the provisions of the SPS agreements of the WTO and FTAA.**

- Prepare descriptive information on, and potential impact of, critical AHFS topics such as equivalence, harmonization, regionalization, special and differential treatment.
- Work with the WTO/SPS secretariat to provide training and leadership initiatives to enhance the implementation of SPS in the Americas.
- Arrange technical information briefings prior to critical committee meetings such as the WTO/SPS.
- Establish and support an SPS implementation group within the FTAA framework.

- Carry out the technical secretariat role for the Informal Coordinating Group for Plant Health (ICGPH) that brings together the regional plant protection organizations to identify and work on common standards and norms for the Americas.
- Assist Member States in formulating technical positions on issues to be considered by the standards- setting organizations such as the Codex Alimentarius, IPPC, and OIE.

### III. Timely response to disease and pest emergencies and AHFS emerging issues

- Respond in a timely manner to disease and pest emergencies with the emergency fund support.
- Facilitate training modules to establish a staff of specialists in each Member State that can maintain surveillance, and detect and diagnose animal and plant diseases and pests.
- Present executive briefings for decision makers on the establishment and spread of traditional and nontraditional diseases and pests.
- Prepare executive briefings for decision makers regarding emerging issues, threats and opportunities.

## **V. Strengthen food safety strategies across the agri-food chain**

- Develop a portfolio of training modules in areas such inspection, good agricultural practices, hazard analysis and critical control points.
- Provide material and information on a comprehensive food safety law and regulatory framework that meets the legal framework of each member state.
- Carry out additional “Executive Leadership in Food Safety” series for emerging leaders in the public and private sector in Member States.
- Collaborate with the Codex Alimentarius to provide information and training on evolving opportunities and challenges in food safety.
- Provide consumer awareness information for Member States to heighten understanding and encourage long-term support.

## **Timely and relevant information via separate communication media**

- Through *AgroSalud*, *Saninet*, *Caraphin*, and *Access* provide timely and accurate information on the impacts AHFS can have on agricultural production, trade, competitiveness, public health, food security, tourism and the environment.

*The four strategic lines of action should be the driving force for a coherent set of integrated activities which, at the moment, does not exist. The selection of activities and the availability of adequate resources and personnel to carry out those activities is fundamental for the future success of the AHFS program. It appears that this has yet to be accomplished as actions requested exceed available resources.*

## **Organizational and Administrative Structure within IICA**

**Budget** (See also Appendix I, Tables 1 and 2). Every two years, prior to the Inter-American Board on Agriculture (IABA) meeting, the bi-annual budget for IICA is presented to the Executive Committee meeting for discussion and approval. The AHFS directorate is not involved in the preparation and defense of the overall budget for AHFS or for its allocation to the regions and headquarters. For 2003, US\$ 4,659,267 was approved by IICA's governing body for AHFS. Of this amount, 6.5% was assigned to headquarters to cover salaries and to provide US\$ 60,000 for program activities. Another 10.5% of the amount was assigned to the five regions to cover salaries of the four regional specialists plus US\$ 20,000 allocated to each specialist for program activities. From what remained of the AHFS budget, each IICA country office received a lump sum for its discretionary use. How these funds directly relate to AHFS or are used to support the four strategic lines of action could not be determined.

*There is no evidence of redirection of resources based on changing priorities and, over time, the overall level of funding has decreased. The total amount budgeted to AHFS should directly relate to integrated activities across the four strategic lines of action; otherwise there is no AHFS program but rather uncoordinated activities under the umbrella of AHFS. The AHFS directorate, charged with the responsibility of carrying out an AHFS program, should be delegated the necessary authorities to develop and defend the budget and then manage the use of all funds allocated to the AHFS budget line item.*

**Personnel** (See also Appendix I, Tables 3 and 4). The current administration has authorized one international professional position (IPP) in four of the five regions. In headquarters, there is one local professional position (LPP) and two IPP, one of whom serves as the AHFS director.<sup>4</sup> The total core staffing is six IPP and one LPP. At least seven IICA offices in Member States (Dominican Republic, Guyana, St. Lucia, Trinidad, Mexico, Argentina and Brazil) have directly contracted staff. In most cases these positions are to execute specific projects and are financed directly or indirectly by the country.<sup>5</sup> In all cases, these personnel are hired and supervised by the IICA representative in the country.

In 1998, a specialist profile was developed, based on the new mission and strategic lines of action. Traditionally, the IICA specialists have worked largely with their technical counterparts, veterinarians or plant scientists, reflective of the AHFS program in the past. Based on past experience and current expertise, the present capacity of the specialists to meet the profile qualifications is highly variable.<sup>6</sup> Decisions regarding geographic assignment of the specialists are not made by the AHFS director.

*Personnel are a critical component in carrying out the AHFS strategic lines of action. Training needs to be strengthened and decisions regarding performance, hiring and geographic location should be based on the profile and reside within the AHFS directorate, consistent with the program responsibility. Core staffing falls well short of having a critical mass that can carry out a comprehensive set of actions, such as those outlined.*

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<sup>4</sup> There is currently one additional PPI assigned to the AHFS program but funded by external funds for execution of a specific project between IICA, the International Livestock Research Institute, and the Common Fund for Commodities.

<sup>5</sup> In the Caribbean, some of the time of local professional staff has been to be used to address agricultural health issues covering multiple islands.

<sup>6</sup> In addition to maintaining a strong technical formation, the profile emphasized the skills necessary to advance the four strategic lines of action. It focused on working across disciplines (e.g. a plant scientist would need to be aware of issues in veterinary medicine and food safety), establishing alliances with decision makers (going beyond interactions only with colleagues of the same discipline), and developing actions along the entire food chain in order to enhance food safety.

**Organizational structure.** To facilitate the efficient delivery of products and services to Member States, the IICA organizational structure should allow decisions to be taken at the program level in a timely manner. Time spent responding to administrative requests unrelated to program and services delivery, plus time required for meetings, and seeking approvals of planned actions, if not carefully monitored, can easily become the major limiting factor in program delivery. Collaboration with the other technical programs should always be encouraged but joint actions will be driven more by mutual interest, and complementary strategies, irrespective of any organizational structure. For simple reasons of efficiency and efficacy, training, education, information and communication functions will always remain a critical part of the strategic actions developed and implemented within the AHFS program.<sup>7</sup>

*While some time responding to administrative requests is necessary, it appears that more should be done to streamline these procedures and to ensure that the authority to execute program actions is delegated to those persons having with the program responsibility. With limited financial and personnel resources, the organizational structure should be carefully monitored, reviewed and adjusted so that time and resources devoted to administrative tasks do not limit program effectiveness.*

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<sup>7</sup> This is explained by recognizing that training and education, information and communication are functions, not technical thematic programs. Such functions can not be easily separated and managed apart from the strategic actions of the AHFS program.

## **Addressing the Chronic Budget Shortfall in the AHFS Program**

In most organizations a proposed annual or biannual budget is developed in each of the organizational units based on personnel needs and a plan of work. There is usually extensive negotiation - give and take - before a budget is finalized. In the process the plan of work may be modified and, in some cases, there may be personnel changes.

This is not the system used in IICA, a matter which is discussed elsewhere in this document. It is sufficient to note that the AHFS program directorate plays essentially no part in the budget preparation and is simply provided annually with a level of funding so limited that it is difficult to defend the case for its being a viable program. In order to remedy the chronic under-budgeting of the AHFS program – something that may also apply to other programs of IICA – some alternatives to the present system must be considered. This is not meant to be a detailed description of all possible ways in which IICA and the AHFS program might be able to generate a more satisfactory operating budget. Rather, a few ideas are being presented for the purpose of encouraging discussion which may lead to a consensus on how the budget problem might be addressed.

8. At present -and for many years past- a large part of the funding received annually by IICA from its Members has been used for maintaining offices in all the member countries. Each office is staffed and equipped, as well as allocated an operating budget whose uses are determined by the office itself, although some part of it derives from the technical programs which have little input in how the funds are used. The suggestion here -for discussion- is whether consolidating country offices might be a dramatic way of freeing funds for program activities. For example, there may be consolidation of some of the offices in the regions. The savings from a consolidation of this type in one or more of the regions would greatly increase the funding available for IICA's programs to provide meaningful technical cooperation and support.
9. Another possibility would be for the various services provided by AHFS program personnel at the request of a Member State to be reimbursed through a system of user fees, a method by which the operating budget would be replenished in an ongoing manner
10. A further possibility could be the AHFS program operate as consultants out of headquarters and/or regional locations with sufficient budget support to provide analysis, evaluations and recommendations with regard to national program operations. The individual countries wishing to act on such reports and recommendations would seek funding from financial institutions and then could contract with IICA to execute the project itself or to provide oversight while another contractor carried out the reports' recommendations.

These are only very brief sketches of possible solutions to the AHFS program budget problems and there are undoubtedly others that would be feasible. What is certain at this point is that the annual budget allocation for AHFS program permits little in the way of a significant contribution to the modernization of AHFS programs or to any other of the needs identified in the National Agendas of Member States.



## Conclusions

Over twenty-two years ago, the AHFS program was created by Ministers of Agriculture who recognized that diseases and pests do not respect political or artificial frontiers. It was believed that a coherent program could realize synergies that would provide benefits across all Member States'. It appears that the mission and strategy of the AHFS program captures this concept and accurately reflects the new reality faced by countries as a result of the FTAA, WTO/SPS and globalization. There is no doubt, however, that the AHFS currently has neither the budget nor the professional staff to make a lasting difference to member states. If a basic but comprehensive program and budget cannot be adopted, IICA's ability to help address the Member States' needs will further diminish, confirming the perception that IICA can not provide timely and effective technical cooperation. This cannot be allowed to happen.

To have an effective AHFS program requires an efficient organizational structure that supports the program delivery. Authorities regarding budget, personnel and program actions should be delegated to the program area responsible for their management and implementation. Time devoted to administrative requests and seeking approvals for program actions should be constantly monitored and streamlined so that the internal organizational structure does not create obstacles that preclude the efficient use of resources and time.

Finally, to emphasize what was noted in the introduction to this working document, the Member States must remain engaged in the assessment process through to its completion. It is they who proposed an assessment be undertaken and it is their continued guidance that will help assure an outcome they will find of value in considering the future of the AHFS program. The information and suggestions included in this document are for the purpose of generating serious discussion about the makeup and the role in coming years of a program that is arguably one of the most important of the several managed by IICA but has yet to realize its potential. This is a critical moment for the AHFS program, the IICA organization and the Member States; decisions to be made will determine whether IICA will have an AHFS program truly capable of providing technical cooperation and support that helps member countries programs be all that they can be – and must be – to assure their agriculture sectors thrive.

## *Appendix I.a: Budget and Personnel for IICA and AHFS*

**TABLE 1. HEADQUARTERS – AHFS PROGRAM BUDGET AND  
END OF YEAR EXPENDITURES**

YEAR	TOTAL IICA QUOTAS (a)	TOTAL REPORTED BUDGET – AHFS (a)	PERSONNEL (b)	PROGRAM ACTIVITIES (b)	TOTAL (b)
1998	US\$ 30,000,000	US\$ 4,467,400	US\$ 238,535	US\$ 128,324	US\$ 366,859
1999 (c)	30,000,000	4,472,700	280,481	158,348	438,829
2000 (d)	30,000,000	5,119,300	274,205	152,349	426,554
2001	30,000,000	5,181,800	158,785	280,269	439,054
2002	30,000,000	5,224,200	270,069	143,503	413,572
2003	30,000,000	4,659,300	243,679	60,000	303,679

- (a) Program Budgets Regular Fund: Quotas & Miscellaneous Income, Table 18, IICA/CE/DOC. 410/02  
 (b) End of year operational expenditures  
 (c) Prior to 1999, program actions directed towards agricultural health. At the direction of IICA's governing board, the program assumed the responsibility of food safety and was renamed to be the IICA Agricultural Health and Food Safety program.  
 (d) The agricultural health and food safety program implemented specific action to advance the sanitary and phytosanitary standards

**TABLE 2. REGIONS – AHFS PROGRAM END OF YEAR EXPENDITURES (a)**

REGION	1999	2000	2001	2002	2003
CENTRAL AMERICA	US\$ 19,088	US\$ 14,014	US\$ 15,000	US\$ 15,000	US \$ 20,000
CARIBBEAN	90,000	57,372	38,744	41,627	20,000
ANDEAN	63,707	48,327	46,629	45,820	20,000
SOUTH AMERICA	21,086	71,263	147,268	23,718	20,000
NORTHERN (b)				5,000	20,000
<b>TOTAL</b>	<b>193,881</b>	<b>190,976</b>	<b>247,641</b>	<b>131,165</b>	<b>100,000</b>

- (a) End of year operational expenditures except 2003 which is approved budget amounts. Note: Does not include personnel costs  
 (b) No specific budget for AHFS available for the Northern region for 1999-2001.

**TABLE 3. INTERNATIONAL PROFESSIONAL PERSONNEL (IPP) IN IICA AND AHFS**

TOTAL IN IICA	TOTAL IN HEADQUARTERS	TOTAL IN AHFS DIRECTORATE (a)	REGIONAL SPECIALISTS					TOTAL IN AHFS PROGRAM
			NORTHERN	CENTRAL AMERICA	CARIBBEAN	ANDEAN (b)	SOUTH AMERICA (c)	
93	36	2	0	1	1	1	1	6

- (a) Personnel making up the core AHFS program. Includes the director position. Does not include one IPP position funded with non-quota funds to execute an externally funded project.

**TABLE 4. LOCAL PROFESSIONAL PERSONNEL (LPP) IN IICA AND AHFS**

TOTAL IN IICA	TOTAL IN HEADQUARTERS	TOTAL IN AHFS DIRECTORATE	TOTAL IN REGION					TOTAL
			NORTHERN (a)	CENTRAL AMERICA	CARIBBEAN (b)	ANDEAN	SOUTH AMERICA (c)	
102	34	1	1	0	4	0	2	8

Known personnel associated with AHFS actions. The LPP position in Headquarters reports to the AHFS directorate. In the regions, in most cases the positions execute specific projects and are financed directly or indirectly by the country; support may or may not be available for the IICA AHFS program.

- (a) México  
 (b) Dominican Republic, Guyana, Saint Lucia, Trinidad  
 (c) Brasil, Argentina

## **Appendix I.b The Expanded Roles for Agricultural Health and Food Safety Institutions\***

### **Executive Summary**

The level of development and rate of growth in the vast majority of the countries in the Americas is still dependent on their agricultural economies, and this in turn, is tied to the overall effectiveness and efficiency of their agricultural health and food safety (AHFS) institutions. In the past, the traditional role of AHFS programs has been to prevent or control diseases and pests that reduce productivity and profitability, generally at the farm level. In recent years, however, there have been new and additional demands as a result of globalization, the Free Trade Area of the Americas (FTAA) agreement, the World Trade Organization (WTO) agreement on Sanitary and Phytosanitary (SPS) standards and other external factors heretofore not present.

To address the growing demands in today's environment, AHFS programs must reflect a broader mandate and expanded vision. The revamped AHFS institution will build on the traditional agricultural health organization within ministries of agriculture to include stronger alliances and integration with ministries of health, commerce and exterior relations. Actions will be taken to not only assure a strong and productive agricultural economy, but also to increase trade and competitiveness, improve food safety, promote public health, advance food security and tourism, and enhance environmental stewardship. To accomplish these objectives, AHFS programs will need to extend beyond traditional animal and plant health issues to include the entire agri-food chain, from inputs for production to final consumption.

In the Americas today, the adequacy of AHFS institutions varies significantly with regard to their regulatory mechanisms, technical capacity and overall sustainability. As a result, the ability of countries to take advantage of emerging market opportunities, satisfy international SPS standards and comply with multilateral trade agreements is severely limited. A primary role of AHFS institutions is to instill confidence in their constituents and trading partners based on the quality of policies carried out. To gain and maintain this confidence requires the active participation of all parties across the entire agri-food chain.

Forming effective AHFS institutions begins with the articulation of the complementary roles of the public and private sectors. A shared responsibility and coordinated approach on the part of these two sectors should ensure that all of the stages in the entire agri-food chain are identified, that decisions are based on scientific criteria, that regulations are consistent with international standards and that all parties recognize the impact AHFS policies and actions can have on production, food security, public health, trade, competitiveness, tourism and the environment.

AHFS institutions usually operate at the national level, but now must also include regional and hemispheric components. Financial institutions and technical cooperation agencies need to adopt policies and practices that facilitate the creation of these components. In essence, AHFS programs require a comprehensive approach that takes into account the needed technical,

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\* Prepared by the Agricultural Health and Food Safety program within the Inter-American Institute for Cooperation on Agriculture (IICA), San Jose, Costa Rica with the collaboration of some of the assessment team members.

economic and regulatory mechanisms. In the future, countries that invest and improve their AHFS institutions will realize the greatest benefits.

## I. The Changing Environment of Agricultural Health and Food Safety

Over the last four decades agriculture has been largely viewed as a mechanism to produce increasing amounts of food and fiber. The objectives of AHFS programs were threefold: (i) protect domestic agriculture production through the application of quarantine measures, (ii) implement emergency actions in the event of entry into the country of an exotic pest or disease and, (iii) conduct treatment regimes to control or eliminate already established pests and diseases. The state assumed overall responsibility with only limited and indirect support from the private sector.

Today, globalization is taking hold and the external factors that affect AHFS have changed dramatically. Agricultural products as well as people travel vast distances daily. In partial response to global trends, 142 countries joined together to create the World Trade Organization (WTO) whose protocols include an Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures. The agreement affirms the right of member countries to protect their animal, plant and human health, but in an effort to not inhibit trade, it also requires that countries base any SPS trade restrictive actions on defensible scientific principles. In the Americas, with one exception, all countries are signatory members of the WTO and are obligated to the provisions contained in the SPS agreement. In addition to the WTO/SPS Agreement and Committee, SPS measures are also routinely discussed in the Free Trade Area of the Americas (FTAA) initiative, as part of the Committee on Agriculture.

The formal agreement on SPS standards is one of several actions underway. The negotiations of multilateral agreements and mechanisms to harmonize regulations are increasingly recognized as critical in order to facilitate trade. Consumers and special interest groups are assuming a more active role to influence government policies and the actions taken by private enterprises. These groups sway public attitudes and lobby for more to be done in order to enhance food safety and quality, protect the environment and minimize the risk to human health from pathogens. In a recent study on the demand for meat, economic factors, e.g. price, were compared with non-economic factors such as food safety, animal welfare and the environment. Between 1955 and 1979, the importance of economic factors was 95% while non-economic factors were 5%. In the decade of the 1990s, the importance of the economic factors had declined to 68% while that of non-economic factors had climbed to 32%<sup>8</sup>.

Another external factor to be taken into account is the advance in different technologies. The growth in information technology allows greater understanding and precision in conducting risk assessments and making policy decisions when dealing with diseases and pests. Technology that offers opportunities can also introduce uncertainties. Some products of biotechnology promise to

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<sup>8</sup> Bansback, R. 1995. Towards broader understanding of meat demand. *Journal of Agricultural Economics* 46:3:287-308

increase the quality and quantity of the food supply while simultaneously reducing the levels of harmful agents or residual chemicals. While promising, some of these purported benefits for health and the environment are being met with uncertainty and doubt as to their long-term effects.

A final factor is the heightened attention being paid to the environmental impact from agricultural practices and includes increased scrutiny of animal and plant pest and disease control methods. For example, the FAO reports that 30% of the pesticides marketed to developing countries do not meet international standards<sup>9</sup>. The dilemma is, while the environmental advocacy groups grow in numbers and influence, agriculture itself has seen its role diminish as a participant in determining public policy. Confronted by agreements that have emerged from international events, such as the Rio Convention (1992) and Kyoto Conference (1997) that highlight concerns about agricultural practices degrading the environment, agriculture in general, and animal and plant health programs in particular, must continue to seek out and adopt the most environmentally compatible disease and pest control technologies available.

## II. Institutional Requirements of Agricultural Health and Food Safety, Past versus Present

Traditional AHFS programs began at the country's borders and were focused inward. The overall mission was to protect domestic agriculture and resources were channeled to controlling disease and pest agents that could adversely affect primary production. The credibility of the AHFS programs with the private sector, as well as with other countries, revolved around effective domestic programs, continual inspection and surveillance and emergency response to unexpected incursions. Inspection systems, ports of entry and surveillance were established to prevent the introduction and spread of unwanted diseases or pests. Eradication programs were geared toward specific agents such as hog cholera, avian influenza, or citrus canker. Initiatives were labor intensive, requiring skilled technical expertise in disciplines such as veterinary medicine and plant pathology. The disease or pest profile was generally well understood, but required large financial outlays, often over a number of years.

The last ten years have shown that the traditional approach is not always sufficient to meet today's challenges. Bovine spongiform encephalopathy in the European Union, dioxin in Belgium, and foot-and-mouth disease (FMD) in the United Kingdom are diseases that can be traced back to the introduction of adulterated foods and feeds but whose consequences were manifested further downstream in the agri-food chain. The liberalization of trade can affect production. In Latin America's southern cone, substantial amounts of cereals for poultry production that contained mycotoxins were imported<sup>10</sup>. A country's exports can be subject to rejection, further testing or treatment. In the last five years, the volume of cargo for import arriving at the Miami international airport has increased by 20% annually. In one year alone, inspectors processed 3 million tons of cargo, approximately 9 million passengers and detected

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<sup>9</sup> FAO (Food and Agriculture Organization of the United Nations, IT); WHO (World Health Organization, US). 2001. Amount of poor-quality pesticides sold in developing countries alarmingly high. Press release 01/05/. Available at: [www.fao.org](http://www.fao.org)

<sup>10</sup> IICA (Inter-American Institute for Cooperation on Agriculture). 2001. Emerging Issues in Agricultural Health and Food Safety "Towards a new approach". COMUNIICA 4(15):35-39

14,000 pests of economic importance including fruit flies, citrus canker, screwworms and exotic ticks<sup>11</sup>.

Today's reality requires AHFS institutions that operate with an expanded international vision and broader mandate. The traditional agricultural health organization within ministries of agriculture is restructured to include stronger alliances and integration with ministries of health, commerce and exterior relations. The private sector joins forces with the public sector to define complimentary roles for which each has specific responsibilities in order to enhance AHFS. Programs are developed and implemented that go beyond the farm level to encompass the entire agri-food chain. The critical role of active participation in international fora is recognized; on-going involvement in international standard-setting bodies to help determine new norms is regarded as equally important as the smooth operation of quarantine stations. Program decisions are taken based on risk analysis, harmonization, equivalence or other elements as contained in the SPS agreement.

A final point to be emphasized regarding AHFS institutional requirements is the need to strengthen and improve the level of management skills for individuals occupying senior and/or supervisory positions. Enhanced management capabilities can make a significant contribution to the effective and efficient operation of AHFS programs and institutions; in many instances improved management abilities alone can resolve longstanding budget and personnel issues and program execution problems.

### III. The Importance of Agricultural Health and Food Safety Institutions on Different Sectors

The importance of AHFS programs to the agricultural production sector has been well recognized, but the impact of effective AHFS programs extends beyond production to other areas such as food security, trade, competitiveness, tourism, public health and the environment. Regarding **production**, important achievements have been made including the elimination of FMD and screwworms from Central and North America. The challenges to protect and enhance production will continue. For example, the pink hibiscus mealybug (PMB), diagnosed in the Caribbean in 1986, has now spread to North, Central and South America. Left unchecked, potential losses from PMB in countries currently free of infestations could be as high as US\$84 billion, equivalent to 30% of all exports from those countries<sup>12</sup>.

With regard to **food security** and AHFS, a recent U.S. Department of Agriculture study predicted that from 1999 to 2009 the additional grain required to satisfy nutritional requirements in Latin America and the Caribbean would increase 25,402 tons, boosting overall grain imports to 53%<sup>13</sup>. Worldwide it is estimated that the total population will grow by 30% to 7.5 billion and will require a 40% increase in cereal production<sup>14</sup>. To enhance food security will require that AHFS

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<sup>11</sup> USDA (Department of Agriculture, US). n.d. Report on Safeguarding Agriculture. Washington, D.C. n.p.

<sup>12</sup> IICA (Inter-American Institute for Cooperation on Agriculture). 1998. The emergence, reproduction and spread of the pink mealybug in the Americas. n.p.

<sup>13</sup> USDA (Department of Agriculture, US) 1999. Food Security Assessment. n.p.

<sup>14</sup> IFPRI (International Food Policy Research Institute, US) 1999. World Food Prospects: critical issues for the early twenty-first century. (on line). Washington, D. C. Available at: [www.ifpri.cgiar.org/pubs/fps/fps29.html](http://www.ifpri.cgiar.org/pubs/fps/fps29.html)

institutions be able to evaluate and facilitate increased amounts of imports to meet growing domestic demand while not putting at risk domestic production.

Food security also includes programs that can counter unexpected acts of *bioterrorism*. Even before the recent detections of anthrax in the U.S. that heightened public concern about what could happen in the absence of moral limits, it had already been well established how centralized food sourcing can lead to widely dispersed and sometimes fatal outbreaks of food-borne diseases. Programs and related actions must cover the entire agri-food chain and include sound surveillance and response systems in order to counter the adverse affects, such as harmful components introduced in animal and plant production, that may not manifest themselves until the end of the agri-food chain.

The *trade* of agricultural products and AHFS are very interdependent. Trade in fresh products, which includes vegetables, fruits, meat and seafood, accounts for nearly half of the agricultural and food exports of developing countries<sup>15</sup>. In the Americas in 1999, US\$ 116 billion in agricultural exports and US\$ 79 billion in agricultural imports were facilitated by AHFS regulations, standards or norms or by actions such as inspection and risk assessment<sup>16</sup>. In the three WTO/SPS committee meetings held in 2001, 73% of the specific trade concerns raised involved countries in the Americas<sup>17</sup>.

The level of *agricultural competitiveness* in countries is frequently a function of the level of investment in AHFS institutions. The recent FMD epidemic in the United Kingdom was not due merely to bad luck, but also to a decline in support for AHFS programs. In the last 10 years, the number of veterinarians had dropped by 20% and the number of regional offices cut by 50%<sup>18</sup>.

*Tourism* is also closely linked to AHFS programs. The monetary cost from lost tourism in the United Kingdom as a result of the FMD outbreak is estimated to reach US\$ 7 billion in 2001, US\$ 3.6 billion in 2002 and US\$ 1.4 billion in 2003<sup>19</sup>. In addition to location-specific agricultural health problems or illnesses from contaminated foods or the environment, tourists can also act as vectors for specific diseases and pests. In Venezuela, the PMB was first introduced on the island of Margarita and then unknowingly carried by tourists to the South American continent. In 1997, an outbreak of St. Louis encephalitis in the state of Florida required that parks and attractions, where large crowds gather such as Disney World, close their water parks and areas containing bodies of water during those periods of greatest mosquito activity in order to minimize the risk of disease transmission.

AHFS can also affect *public health* from problems that can emerge at any point along—production, processing, and transportation stages—of the agri-food chain. Transmission to humans of zoonoses such as bovine tuberculosis can occur through consumption of unpasteurized milk and cheeses, others through contact with contaminated products during processing. Bacteria, viruses, parasites, and protozoa can contaminate food through the use of

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<sup>15</sup> IICA (Instituto Interamericano de Cooperación para la Agricultura). 1999. Sistema de Información del Area de Políticas y Comercio. San José. C.R. s.p.

<sup>16</sup> ----. 1999. Sistema de Información del Area de Políticas y Comercio. San José. C.R. s.p.

<sup>17</sup> ----. 2001. Agricultural Health and Food Safety, Access SPS News Reports No. 4,5 and 6; 2001.

<sup>18</sup> Plague Island. 2001. The Economist. 358(8211):51-52

<sup>19</sup> n.p. n.d. Consulted on Sept. 20, 2001. Available at: [www.guardian.co.uk/archives/article/0,4273,4192470,00.html](http://www.guardian.co.uk/archives/article/0,4273,4192470,00.html).

contaminated water, poor hygiene or improper handling. Other contaminants include antibiotics and pesticide residues or undesired substances such as dioxin. In Belgium, dioxin was unknowingly introduced into animal feeds and later determined to be responsible for 97% of the reported human cases of illness from the consumption of meat and dairy products. The estimated loss to farmers, feed and food processors was almost US\$ 1 billion<sup>20</sup>.

Changes in the *environment* as manifested through the loss of biodiversity and the contamination of food and sources of water can also be related to AHFS programs. The World Health Organization (WHO) reports that 10% of all preventable diseases are due to the deterioration of the environment, adding that the principal causes of such diseases include a lack of sanitary measures, the contamination of water sources and unsafe foods<sup>21</sup>. As a further example, in one country in Latin America, 35% of total pesticides are applied on banana plantations that occupy only 5% of the arable land. And although the crop is known for using large amounts of pesticides, the resulting pesticide use across all arable land averages 44 kilograms per hectare per year (k/h/y) versus 2.7 k/h/y in developed countries. Furthermore, the improper disposal of pesticide containers (90 k/h/y) and plastics used to cover the banana bunches (55 k/h/y) have permanently contaminated the soil with copper and polypropylene. Not surprisingly, the intoxication of workers is at least six times greater in fields planted in bananas than in fields planted in other crops<sup>22</sup>.

#### **IV. The current status of Agricultural Health and Food Safety Institutions in the Americas**

The WTO/SPS agreement articulates and formalizes several concepts such as harmonization, equivalence, regionalization and risk assessment that countries have agreed to adopt and follow. Although for many of the countries these concepts are new, the WTO/SPS framework assumes that each member country already has or is currently developing the necessary implementation capability. How prepared are AHFS institutions to comply with and benefit from the WTO agreement on SPS standards?

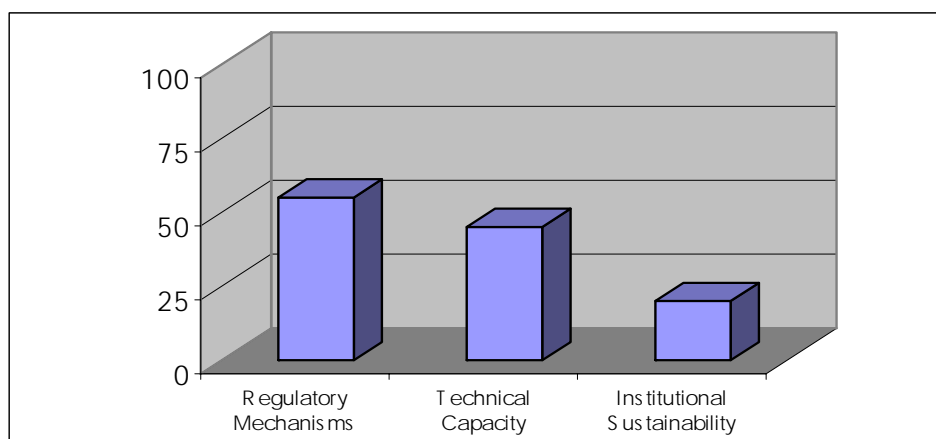
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<sup>20</sup> Thomson, A. 1999. Dioxin seen costing Belgium almost \$1bn. Consulted on Sept. 20, 2001. Available at: <http://lists.essential.org/dioxin-l/msg01011.html>; Europe Information Service. 1999. Food Safety: Help at hand for farmers hit by dioxin crisis. Consulted on Sept. 20, 2001. Available at: <http://findarticles.com>

<sup>21</sup> WHO (World Health Organization, US) 2001. Available at: [www.who.int/infectious-disease-report/pages/textonly.html](http://www.who.int/infectious-disease-report/pages/textonly.html)

<sup>22</sup> Wesseling, C. 1997. Health Effects from Pesticides in Costa Rica: an epidemiological approach. Ph.D. Thesis. Upsala, SE, Karolinska Institute.





**Figure 1.** Degree of development (in percentage) of AHFS institutions in 31 countries in Latin America and the Caribbean.

Figure 1 summarizes for 31 developing countries in the Americas, the results of an IICA analysis where the overall country capability is separated into three components: regulatory mechanisms, technical capacity and institutional sustainability. The regulatory mechanisms component refers to the necessary legal framework of laws, regulations, standards and norms and enforcement capacity to help assure that the countries AHFS institutions can operate in a way consistent with international norms and standards. Technical capacity focuses on that level of advancement and operational capability necessary in order to carry out the critical functions such as surveillance, quarantine, diagnosis and emergency response. The institutional sustainability component refers to the countries' AHFS organizations ability to continually advance and improve over time as conditions and opportunities change. Examples of critical functions include achieving manageable levels of turnover of technical personnel, establishing scientific independence in order to carry out risk analysis, and participating in international standard-setting bodies.

For the 31 developing countries analyzed and based on the measures used, the overall degree of development is 40%. Moreover, there exists a substantial difference in the level of advancement among the three components, with the lack of institutional sustainability the most notable. In essence, the countries' AHFS institutions require fundamental changes and enhanced capabilities in all three components in order to conform with and benefit from international standards. Unless significant changes are made, the outcome of poorly performing AHFS programs, as measured in terms of lost market opportunities and adverse effects on the animal, plant and human health of the countries, will increase.

## **V. Establishing Agricultural Health and Food Safety Institutions for the Future**

The first step to establish effective AHFS institutions begins with the articulation of the complimentary roles of the public and private sectors. A coordinated approach is essential as the success or failure of AHFS programs is a shared responsibility. Nonetheless, there are certain non-delegable public sector roles that include: establishing rules and standards based on

international legislation, overseeing and ensuring compliance by applying sanctions in those cases of non-compliance, and actively negotiating in the country's best interest within the relevant international organizations and standard setting fora. The private sector will always be the beneficiary of effective AHFS programs and much of the success to develop technical capacity and ensure institutional sustainability will depend on the level of private sector leadership, involvement and investment.

To create effective AHFS institutions will also require a broader approach than previously practiced on the part of financial institutions. Historically, the limited loans provided to countries for AHFS, focused on building up the technical capacity with much less emphasis given to strengthening regulatory mechanisms and institutional sustainability. As an example, from 1968 to 1998, the Inter-American Development Bank (IDB) invested only 3% of its overall portfolio in agricultural health with the vast majority of capital flowing into the building of new laboratories and quarantine posts along with a one-time purchase of equipment<sup>23</sup>.

To support and build sustainable AHFS institutions, technical cooperation agencies will also need to change. Technical assistance offered to countries has traditionally reflected in-house expertise or interest rather than a plan of assistance based on a country's carefully pre-determined priorities. Training and technical assistance are routinely repeated over time without jointly evaluating with the country, the efficacy of the content and approaches used and then modifying the products and delivery methods accordingly. In this regard, technical cooperation agencies are reluctant to recommend approaches that are unpopular, require longer-term commitments or areas of expertise that they themselves cannot offer. Finally, to be of greater support to countries and to improve AHFS institutions, technical cooperation agencies will need to take realistic steps to work cooperatively amongst themselves.

## VI. Conclusions

For the vast majority of developing countries in the Americas, their overall level of development is directly related to improvements in health and agriculture and effective AHFS programs are critical to their overall level of agricultural economic growth. In Central America, 48%<sup>24</sup> of all exports derive from agriculture. In low-income countries, food expenditures command a significant portion of total income and agriculture employs the vast majority of the workforce. To build and sustain efficient and effective AHFS institutions is fundamental in order to achieve greater prosperity. In today's reality, the scope and operation of AHFS institutions and the risks and rewards to the country as a result of globalization, are much greater than in the past.

Properly structured and sustained, AHFS programs provide far ranging benefits in multiple areas from primary production to public health, tourism, trade, competitiveness, food security and the environment. To fully realize these benefits, the next step is to enlist broad support from across the entire agri-food chain. A concerted effort between the public and private sector, along with

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<sup>23</sup> BID (Banco Interamericano de Desarrollo, US). 2001. s.n.t. Disponible en [www.iadb.org/publicinformation/service](http://www.iadb.org/publicinformation/service).

<sup>24</sup> IICA(Instituto Interamericano de Cooperación para la Agricultura). 1999. Sistema de Información para el Area de Políticas y Comercio. San José. C.R. s.p.

the assistance of financial institutions and technical cooperation agencies, will enable countries to capitalize on opportunities heretofore not realized. Recognizing that diseases and pests do not respect political boundaries or geographical borders and that AHFS programs must address regional and international concerns, a primary goal of an AHFS institution is to earn the confidence of its constituents and trading partners through the policies adopted and actions taken.

## Annex II

### Questionnaire for the evaluation of IICA's Agricultural Health and Food Safety (AHFS) Program

*In Resolution 367 of the Inter-American Board of Agriculture, IICA's 34 member countries approved an evaluation of IICA's Agricultural Health and Food Safety Program, to determine the Institute's capacity for meeting the member countries' needs in this field.*

*We therefore ask your cooperation in answering the following six questions concerning the functions that an AHFS System should perform and the services it should provide.<sup>25</sup>*

*For questions 1 - 4, choose a circle and mark it with an "X," bearing in mind that:*

**A = Very important    B = Important    C = Not very important**

#### 1. TECHNICAL CAPACITY

Function / Service	A	B	C
1. Have access to the results of research and technological innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Have the capacity to diagnose and evaluate pests and diseases that affect crops, animals and food	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Be able to implement effective agricultural quarantine measures based on risk analysis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Have the capacity to evaluate the epidemiological behavior of pests and diseases and monitor the country's sanitary status	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Be able to anticipate and respond to emergency situations and emerging issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Have the capacity to conduct risk analysis studies and make intelligent decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

#### 2. MARKET ACCESS

Function / Service	A	B	C
1. Be able to issue duly audited sanitary certificates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Be able to establish norms and standards in line with international regulations and have the capacity to enforce them	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Have the capacity to evaluate and negotiate equivalency agreements on standards for products, processes and sanitary systems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>4. Have the capacity to establish and maintain internationally recognized pest or disease-free areas</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Be able to supervise and audit traceability processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Be able to publish norms and regulations or notify of changes in sanitary status when needed or required	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<sup>25</sup> Please email this questionnaire to [Harry.Mussman@iica.ac.cr](mailto:Harry.Mussman@iica.ac.cr) or send a hard copy to the IICA Office in your country. The questionnaire can be also downloaded at [www.infoagro.net/salud](http://www.infoagro.net/salud).

### 3. INTERACTION WITH PRIVATE SECTOR

Function / Service		A	B	C
1.	Be able to respond efficiently to users' needs in a dynamic and changing environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.	Be able to accredit and audit the capacity to perform functions and provide services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.	Have permanent communication and information mechanisms with the public and private sectors.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.	Be able to participate actively in international forums, such as the WTO Committee on Sanitary and Phytosanitary Measures, FTAA, CODEX, OIE, IPPC.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### 4. HUMAN AND FINANCIAL CAPITAL

Function / Service		A	B	C
1.	Have human resources who are qualified, up-to-date and trained to perform their duties efficiently	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.	Define policies and have stable plans and programs to chart the course of the AHFS System	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.	For the national AHFS System to act with technical independence, i.e., with autonomy to make decisions with little or no political interference	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.	For the national AHFS System to have different sources of financing (seek public, private or external resources)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.	Have sources of financing that ensure the stability and growth of the AHFS System, to deal with emergencies or emerging issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### 5. What do you think the role of a hemispheric organization that provides INSTITUTIONAL support to the AHFS System should be?

(e.g., implementation of trade agreements such as the WTO, FTAA / Food Safety / Legislation / Modernization / etc.)

### 6. In your opinion, what are the new challenges facing agricultural health and food safety in the present context of production and international trade?

(e.g., Trade / Environment / Food Security / Public Health / Tourism, etc.)