

PLAN OF JOINT ACTION FOR AGRICULTURAL REACTIVATION IN LATIN AMERICA AND THE CARIBBEAN



SUMMARY AND UPDATE





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FOREWORD

his document is published as part of the strategy to publicize the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean (PLANLAC), approved by the ministers of agriculture of the hemisphere during the Fifth Regular Meeting of the Inter-American Board of Agriculture (IABA), held in San Jose, Costa Rica in September, 1989.

The Plan's approval was the culmination of a process of discussion and reaching of agreement on concerted action, which began in Ottawa, Canada, in 1987, during the Ninth Inter-American Conference of Ministers of Agriculture (ICMA). It is seen as a dynamic process that provides continuous feedback between reflection and action.

The purpose of this document -a summary and update of the PLANLAC- and of the Principal Document and the PLANLAC brochure (available in English, Spanish, Portuguese and French) is to: a) describe the changes that have occurred in the international and regional settings, as well as their impact on the "new agriculture" in the region, and b) briefly and concisely sketch the main achievements of the PLANLAC's multinational projects in each of the subregions.

Preparation of this document was coordinated by Manual Otero, with the assistance of Gonzalo Estefanell. Support was also provided by the Program Directorates and the Directorate for Area Operations of the Inter-American Institute for Cooperation on Agriculture (IICA).

San Jose, June 1991

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INTRODUCTION

his document summarizes the main points of the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean (PLANLAC), approved by the ministers of agriculture of the hemisphere during the Fifth Regular Meeting of the Inter-American Board of Agriculture (IABA), held in San Jose, Costa Rica in September, 1989.

in addition to giving broad publicity to the key ideas of the Plan, this document describes the achievements in securing external resources and in executing proposals for hemispheric and subregional actions in the year that the PLANLAC was approved.

The following constitute key points of the Plan:

- A series of strategic guidelines makes up its conceptual framework, which essentially proposes a new role for agriculture as a source for economic reactivation for the region.
- in addition to the conceptual framework, the Plan includes multinational programs and projects to give added impetus to the countries' efforts to modernize agriculture.
- From the beginning, the Plan was designed within a dynamic and flexible participatory process that included ongoing feedback and adjustment.
- Execution of the Plan is seen as a shared responsibility involving not only the Inter-American Institute for Cooperation on Agriculture (IICA), but also its member countries and interested specialized agencies; hence the importance of Inter-Institutional coordination and efforts to maximize the use of available resources.

The PLANLAC is a conceptual and operating framework that promotes joint actions among the countries of the region in order to reactivate agriculture.

- Goals are not quantified, nor are other traditional planning exercise indicators used, as they would not be realistic in the context of the PLANLAC; objectives and expected results are judged from the standpoint of quality.
- Resolution No. 154, "Approval and Implementation of the PLANLAC,"
 approved by the member countries during the Fifth Regular Meeting
 of the IABA, stipulated that follow-up of the Plan would be carried out
 at several levels: global (by the Inter-American Conference of
 Ministers of Agriculture, the Inter-American Board of Agriculture and
 IICA's Executive Committee); subregional (by the sectoral fora
 identified for each Area), and national (by the Member States, in
 collaboration with IICA).

The first section of this document depicts the crisis and the new international and regional setting. The second describes the role that a modern and diversified agriculture can play in the development of the region. The third presents the elements of the strategy for reactivation, and reports on the progress made by its most important hemispheric programs. The last section sets forth the strategies for each of the subregions, identifying the progress made to disseminate the Plan, secure external resources and execute activities.

I. THE CRISIS AS A POINT OF DEPARTURE

S ince the Second World War and until the beginning of the 1970s, the Latin American and Caribbean region (LAC) enjoyed three decades of economic growth, based on sustained demand and high prices for its commodities, resulting first from the war and then from the worldwide post-war economic boom. This period was characterized by increased gross domestic products of the countries of the region, amidst worldwide political instability.

By the mid-1970s, the first symptoms of the crisis that would dominate the 1980s were beginning to be felt: deterioration of the terms of trade, reversal of financial flows, and external indebtedness. This situation still characterizes the crisis affecting Latin America and the Caribbean, which was aggravated by problems in the region that made it difficult to adjust to the new circumstances. Indeed, neither the countries of Latin America nor of the Caribbean were able to immediately adapt to these changes; rather, they clung to a development model that fostered isolation and favored protectionism. Rigid protectionism strongly limited the countries' possibilities for competing in international markets.

As a result of the crisis, agriculture in the region has been faced with an overwhelming foreign debt, massive capital flight, policies biased against agriculture, a deterioration of the natural resource base and a two-tiered agrarian structure.

Thus, agriculture in Latin America and the Caribbean in the early 1980s can be characterized as follows:

- An overwhelming foreign debt that required a disproportionate percentage of export earnings for servicing.
- A massive flight of capital to more secure and profitable markets.
- Policies targeting the domestic market, favoring the industrial sector; basically, policies biased against agriculture and against exports.
- Increased rural-urban migration.

 A two-tiered agrarian structure, where dynamic commercial agriculture, oriented to external markets, exists, side by side, with subsistence agriculture, basically oriented to supplying the domestic market.



- The deterioration of the natural resource base, caused by the expansion of the agricultural frontier, which continues to endanger fragile ecosystems.
- The rapid growth of public agricultural institutions which was

seriously affected as of 1982, when massive budgetary cutbacks were made in response to the overall economic crisis.

 The scant importance given to agriculture in intra-regional trade and the integration process.

Adjustment

By the late 1980s, economic adjustment policies were being implemented in the region. Although in the short term these measures can be seen as detrimental to the agricultural sector, they were designed essentially to correct the bias against agriculture and exports inherent in earlier development models. The following are some of the positive aspects of these policies:

- The direct relationship between agriculture and macroeconomic policies has been made explicit.
- As adjustments were applied, the agricultural sector proved to be more "resistant to the crisis." Since the 1980s, the growth rate of agriculture remained closer to historical levels than did that of other production sectors. This sheds light on the importance of reevaluating agriculture's role in a strategy for economic recovery.
- The need to improve trade balances has led the countries to apply real exchange rate policies, which have increased the export capacity of the agricultural sector. In this way, the bias against the sector, mentioned above, is corrected.

Negative aspects of economic adjustment policies include the following:

 Decreased fiscal capacity to support research and extension programs and to upgrade Infrastructure.

Structural adjustment policies have revealed the depth of the agricultural sector's dependence on macroeconomic policies. They have also shown that agriculture is more "resistant to the crisis" vis-a-vis other sectors of the economy, and that real exchange rate policies are needed to improve export capacities.

- Increased priority given to short-term objectives, to the detriment of long-term goals.
- Higher costs for inputs and capital goods, diminished credit and extension services.

in summary, recessive adjustment policies applied to Latin America and the Caribbean during the 1980 have not affected agriculture as negatively as they have other sectors. The development of the potential of the agricultural sector will depend on the evolution of situations abroad.

The new international setting

One of the most outstanding characteristics of the new setting is the dynamic nature and unpredictability of political and economic change. Thus, a higher degree of pragmatism in policy making can be foreseen, as can the emergence of commerce, In a broad sense, as one of the main pivots of contemporary international relations. In this context, competitiveness will be the key factor In efforts to articulate Latin America and the Caribbean into the new context.

The following more detailed examination of the new setting sheds light on the world and regional scenarios.

The world scenario

Towards the end of the 1980s, the countries of Eastern Europe and the Soviet Union underwent drastic decentralization, which will unquestionably have repercussions on the trade of agricultural and agroindustrial commodities. At first glance, it can be expected that the "opening" of these countries will undoubtedly increase the demand for tropical products; for products from temperate climates, these changes will probably signify new market opportunities in the short term. In the medium term, however, and if the structural changes take hold, it can be expected that output from the Eastern European countries will stabilize and grow, imports will begin to be substituted, and their products will begin to compete on the international markets.

The growing trend to establish economic blocs is another distinctive trait of the new international context. The clearest examples are the European Economic Community (EEC), with a reunified Germany; the Asian countries, under the undisputed leadership of Japan; and the Free Trade Agreement, recently signed by the United States of America and Canada, and which is soon likely to include Mexico.

The opening of the economies of Eastern Europe will boost the international trade of products from temperate climates and the demand for tropical products.

The regional scenario

One of the most important recent developments in the region is the Initiative for the Americas Plan (IAP), proposed by United States President Bush in June 1990. As conceived, the IAP aims to lay the groundwork for establishing the "first totally democratic continent," around a large common market. Though a long road will have to be traveled before achieving that objective, it means that the countries of the region will have the possibility of gaining access to the largest consumer market in the world.

In addition, over the past few months, there has been a notable increase in vitality of the movement promoting subregional integration. The presidents of the Andean Pact countries recently announced their Intention to have a common market in operation by the end of 1991. The integration process In Central America took on renewed impetus with the Declaration of Antigua; with regard to agriculture, the United Nations Special Program for Economic Cooperation for Central America (PAECA), and the more recently established Association for Development and Democracy (ADD), suggest that Important progress can be expected in this direction. The Caribbean Community (CARICOM) moves slowly but surely toward integration, while in the Southern Cone, integration is being promoted by the newly established subregional forum of ministers of agriculture (Advisory Council for Agricultural Cooperation in the Countries of the Southern Area -CONASUR), whose purpose is to harmonize and coordinate agricultural policy. In that same subregion, concrete actions have been taken to establish the Southern Common Market (MERCOSUR).

it is difficult to predict the final outcome of these changes at the international and regional levels. Nevertheless, it is expected that pressure from external financial restrictions will decrease and that, as far as international agricultural markets are concerned, there is little possibility of a repeat of the crisis of 1986-1987 created by protectionism. It also appears that multilateral agreements, such as the GATT, and bilateral agreements are moving the countries of the world toward greater levels of trade in goods and services.

Technological breakthroughs in telecommunications and transportation have contributed to making the world an extensively interrelated, complex place where countries develop and modernize much more rapidly. At the same time, these same technological developments have made it increasingly difficult to operate within the "national framework," as it was understood in the nineteenth century. The tendency to establish economic and political blocs shows that countries are seeking to increase their economies of scale; the clearest example of this is the European Economic Community (EEC).

Regardless of what the final scenario might be, these developments and the situation in the region require a competitive agricultural sector that Subregional integration has taken on new force and there is a possibility, in the long term, of gaining access to the United States market through the Initiative for the Americas.

The agricultural sector must be economically, technically and socially sustainable.

makes efficient use of resources; an agricultural sector that is equitable and that enables more people to share in the surpluses generated; in other words, an agricultural sector that is economically, technically and socially sustainable. To analyze the possible contribution of agriculture to economic recovery in the region, and the nature of the changes needed to bring this about, we should adopt a cautiously optimistic outlook and keep in mind that the changes characterizing the ciose of the twentieth century are occurring more rapidly than ever before.

II. THE ROLE OF AGRICULTURE IN A NEW MODEL

n addition to interrupting almost thirty years of economic growth, the economic crisis in the region also delayed a much needed in-depth study of strategic options for the future of Latin America and the Caribbean.

The focus on short-term policies, combined with efforts to stimulate growth regardless of the social consequences, produced a regressive distribution of income that broadened the gap between the different social strata.

Growth with equity is the most important objective to be achieved in order to strengthen the democratic processes under way in Latin American and Caribbean countries.

On the basis of the above, the following criteria are proposed for ranking the importance of production activities in the region. They must:

- Be competitive at the international level, producing a net savings in foreign exchange, either by increasing exports or by efficiently substituting imports.
- Require relatively low levels of external inputs and investment.
- Call for a high degree of local know-how and skills in production.
- Use technologies that boost job opportunities.
- Have significant multiplier effects on other production activities.

Short-term policies have contributed to widening the gap between the different social strata. For the democratic processes of the region to flourish, then, growth must be equitable.

Sustainability, equity and intersectoral linkages are the criteria to be used in establishing priorities for production activities in the region.

- Have a cost structure capable of resisting inflationary pressures and contribute significantly to the domestic supply of goods, so as to have an impact on the basic food basket.
- Have potential for growth in a macroeconomic context characterized by scarcity of credit, absence of State subsidies and fluctuating relative prices.

The sector's main contribution to economic reactivation should not consist of transferring surpluses to the urban industrial sector, as was the case in the past. On the contrary, the sector's contribution should be based on:

- The natural competitiveness of the natural resource base of the region.
- The generation of external resources, through greater exports and import substitution.
- Lower prices for food and other products of agricultural origin, as a result of productivity increases.
- The jobs generated or maintained in agriculture and the rural sector.
- The strengthening of intersectoral linkages developed in the region within the context of the opening of the economies, that can lead to "competitive agro-based reindustrialization.
- The growth of demand for goods and services resulting from improved rural incomes, especially among the smallfarm sector, which has a higher income-elasticity of demand.

For agriculture to be able to make these contributions, three specific objectives will have to be pursued in a new development strategy: modernization, equity and sustainability.

The new model calls for a reinvestment of surpluses in the agricultural sector, rather than a transferring of these surpluses to the urban industrial sector, as was the case in the past.

Modernization

Production and institutional modernization are essential.

The term "modernization" includes both the modernization of production and of institutions, two closely related issues. The first is a prerequisite for expanding production beyond the capacity of a limited agricultural frontier, while maintaining prices at acceptable levels. In this context, modernization is not limited to the primary sector; rather, the generation, dissemination and incorporation of new technologies must go hand-in-hand with agroindustrial activities.

A favorable institutional and policy environment is essential for successful modernization of production. The current institutional setting, characterized by a monopolistic and obsolete State apparatus, is totally unsuitable for this endeavor. Institutional modernization must seek to transform the institutional apparatus in order to equip it to set and execute policies and provide efficient services in support of a modern production process.

Equity

Equity has two dimensions: social and economic.

Equity, both social and economic, is an essential element of this development strategy. Efforts to promote social equity should focus on the least privileged sectors of society -those living in extreme



poverty, with no access to basic services such as health, potable water, education and decent housing. Only in this way will it be possible to create a dynamic society, capable of survival in the long run. From an economic point of view, a more just distribution of wealth will boost the demand for locally produced agricultural products, a *sine qua non* of agricultural reactivation.

Sustainable production will require the use of technologies that take current needs into account without compromising the well-being of future generations.

Sustainability

Long-term production sustainability depends on the capability to adapt rapidly to changes in the world economy; this will ensure economic sustainability. Furthermore, conservation of the natural resource base and the environment is a requisite for the sustainability of production. These factors must be taken into account when promoting new technologies in order to efficiently feed the world's growing population and extend life expectancy.

III. KEY ELEMENTS OF A STRATEGY TO REACTIVATE AGRICULTURE

djustment and the opening of the economies of the Latin American and Caribbean countries, combined with the opportunities offered on the new international scenario, give rise to cautious optimism regarding the region's integration into this new context and, more specifically, the definition of a new role for the agricultural sector.

The following are matters that require action throughout the region, in order to reactivate agricultural development:

- New incentive and investment policies.
- Adjustment to international economic relations.
- Modernization of the public agricultural sector and institutional reform.
- New strategies for technology.
- New approaches to industry, with emphasis on agroindustry.
- Rural development and development of the small-farm economy.

An analysis of these topics follows, including a brief description of hemispheric projects designed to deal with them within the PLANLAC.

Incentive and investment policies

The past few years have been characterized by economic adjustment almed at achieving macroeconomic equilibrium. As a result, sectoral policies have become increasingly dependent on macroeconomic policy variables. Only under conditions of economic and social stability is it possible to implement sectoral policies that deal specifically with the conditions of agriculture.

Incentive and investment policies must seek to harmonize short-and long-term objectives, transfer international prices to farmers and should more accurately target the beneficiaries of incentive and subsidy policies.

This growing dependence of sectoral policies on macroeconomic policies limits the ability of agricultural policy makers to influence overall policy decisions. Thus, policy guidelines must be established that can be used to design macroeconomic policies that will make it possible to define a new role for the sector. It will be necessary to harmonize short-and long-term objectives by implementing structural reforms with external funding; transferring international prices to farmers (gradually, so as not to bring about abrupt changes in the small-scale farming sector); and basing support price and subsidy policies on the principle of lowest fiscal cost for the largest number of beneficiaries. As far as tax policies are concerned, the goal should be "taxation for a purpose and not for the sake of taxation alone," and a reassessment must be made of progressive taxation.

Closely related to the topic of policies are the stabilization and structural adjustment programs which developed in response to the debt crisis in the region. Both seek to reorganize the economy and secure lump-sum external financing, as compared with traditional funding for specific projects. Stabilization programs seek to correct disequilibria in the balance of payments and to reduce inflation. Adjustment programs, on the other hand, seek to eliminate market distortions, promote microeconomic efficiency and, in general terms, recover or accelerate economic growth.

In order to restore investments to appropriate levels, changes should be made in the lending practices of the international banks in order to ensure the availability of sultable lines of financing for three key topics: policy reform, institutional reform and investment programs. Resources must be made available to finance the "transition costs" of such changes, and to provide loans to finance investments not covered by specific programs.

The following projects deal with this area of action:

• IICA/IDB Technical Unit to support countries in the preparation of agricultural sector programs. This project, currently under way, has collaborated in conducting sectoral studies in Peru and Nicaragua (together with the Regional Unit for Technical Assistance -RUTA-); similar activities are also being implemented in Guatemala and Uruguay. A study of the fisheries sector was prepared in Uruguay, and an agricultural sector study was conducted in Guyana. This project also prepared -or participated in the preparation of- various projects in several countries of the region (Consolidation of Rural Settlements in Paraguay; Modernization of Agricultural Services in Chile; Support to Agricultural Services in The Bahamas; and Food and Nutrition Program in Haiti, the latter in conjunction with the Pan American Health Organization -PAHO).

 Program of institutional strengthening and development of human resources. This two-pronged program focuses on institutional strengthening at IICA, to enable It to adjust to the demands of the new situation, and on providing training for technical personnel and farmers, in support of development programs.

International economic relations

In the current setting, the main problem in international economic relations is the protectionist policies of the principal consumer markets in defense of their farmers' incomes. While in the long run it can be expected that world trade, including agricultural trade, will become progressively more liberalized, in the short run, the frequent advances and setbacks may discourage the countries of LAC. In any event, integration is necessary if the countries are to become competitive in an expanded market, a prerequisite for penetrating foreign markets. For this reason, the following areas of joint action are suggested in the efforts to boost international trade:

- Systematization of proposals and suggestions presented at regional fora, with a view to gradually preparing a program to support coordinated action among the countries of the region.
- Promotion of joint actions to increase the supply of agricultural commodities and to facilitate penetration of foreign markets.
 Possible areas of action: information systems, market studies, joint ventures.
- Joint actions in plant protection and animal health.
- Orientation of actions to take advantage of special trade arrangements, such as the Caribbean Basin Initiative, the Caribbean Canadian Agreement (CARIBCAN), the ADD and the Initiative for the Americas.
- Reactivation of intra-regional trade.
- Support to subregional integration for ain establishing free trade areas.

In this strategic area of action, the Institute has provided support to different subregional integration fora, and has been instrumental in the creation of the ministerial Advisory Council for Agricultural Cooperation in the Countries of the Southern Area (CONASUR). Substantial progress has also been made in expediting the exchange of information and establishing hemispheric information systems, as well as in promoting joint actions dealing with agricultural health. The following are some specific examples of these actions:

International economic relations are dominated by the problems created by the protectionist policies of the principal markets.

- Pragram to Strengthen the Ministries of Agriculture of the Countries of the Southern Area in Activities Related to Foreign Trade and Integration.
- Strengthening Institutional Capabilities for International Negotiations in the Andean Area.

Modernization of the public agricultural sector and institutional development

The effort to reactivate the agricultural sector will require an efficient system for identifying and developing agricultural policies and services. Some of the problems faced by agriculture stem from an oversized public sector with ever dwindling resources and fewer technical capabilities to respond to the new challenges that arise dally. Specific guidelines for joint actions related to institutional modernization include:

- Redefinition of the role of the State and the public sector in development plans.
- Improvement of the capability of the public agricultural sector to formulate, implement and evaluate public policies and to provide services.
- Creation of new mechanisms of coordination with the private sector and with new social actors.
- Decentralization of public institutions and promotion of social participation.

In addition to training activities conducted by IICA (courses, seminars, exchange of experiences, etc.), other such activities are also carried out through the Program for Institutional Strengthening and the Development of Human Resources.

The technological strategy

Given that the development of production is key to any development scheme, the technological component is of essential importance.

Any action undertaken in this respect should take into account present and future technological implications for agriculture, while also reflecting new scientific, institutional and socioeconomic developments affecting technology generation and transfer. It is important to anticipate what the most important technological challenges will be to identify opportunities for, and constraints on, making full use of scientific advances.

In order to reactivate the agricultural sector, it will be necessary to have an efficient system for identifying and developing agricultural policies and services.

The technological component is essential to any effort to upgrade production.

The following are some of the priority areas for joint action:

 Conservation of natural resources (soils, genetic resources, development of techniques to maintain fragile tropical ecosystems).



Agrobiotechnology plays an increasingly important role in LAC

- Institutional reform for technology generation and transfer institutions.
- Maximization of the use of the international technology generation and transfer system.
- Development of biotechnology
- Upgrading of human resource research capabilities.

In this subject area, the following proposals have been made:

 Hemispheric Program to Promote Reciprocal Cooperation and Institutional Modernization in Technology. Support was given to the IDB in making arrangements for the joint execution of special projects by national and international research centers to establish priorities for agricultural research. Regional initiatives were also undertaken to put the program into operation in the Central, Andean and Southern subregions.

- Program of Joint Action for the Development and Utilization of Agrobiotechnologies, which seeks to develop and disseminate theoretical and methodological materials for use in formulating and executing policies, strategies and programs to upgrade capabilities in biotechnology. To this end, the Inter-American Study Group on New Biotechnologies was established, and has already met in Brasilia, Brazil, to discuss matters related to biosafety in genetically engineered products. An outcome of the meeting was a proposal for a Regional Biosafety Program, currently under negotiation with prospective donors, and a proposal for a project to identify opportunities in agrobiotechnologies.
- Program for the Collection, Conservation and Utilization of Genetic Resources. The strategy has been to support the creation of subregional fora, which will serve as the basis for this hemispheric program. Through these efforts, the Cooperative Program on Research and Technology Transfer for the South American Tropics (PROCITROPICOS) was created, following technical meetings in Brazil and Colombia to develop a consensus among the eight member countries on the scope of the technical proposal. The agreement was recently signed by the participating countries. Together with other international and regional agencies, support is being provided for the creation of the Network of Phytogenetic Resources for Central America, and steps are being taken to create similar networks in the Southern Cone and the Andean Area.
- Program of Joint Action for the Financing of Technological Innovations in Agriculture

Agroindustrial development: Toward new intersectoral linkages

Despite the progress achieved in developing agrolndustry in the region, it has not necessarily been based on the comparative advantages of agricuiture in many of the countries of Latin America and the Caribbean. The worldwide adoption of consumer patterns prevalent in the more industrialized countries, which undermines use of local resources, combined with policies limiting agroindustrial integration, have frequently resulted in increased imports of agricultural inputs and neglect of national crops and products. In addition, protectionist laws have



Agriculture should be seen in a broader context that includes the processing of agricultural products, and should be based on the comparative advantages of the region.

encouraged many agroindustries to concentrate on supplying the domestic market rather than making a systematic effort to penetrate overseas markets.

In light of the above, the following areas for joint action have been identified for agroindustry:

- Negotlations and market diversification.
- Institutional coordination to provide support to agroindustry.
- Policies to promote business development; and
- Horizontal cooperation related to agroindustrial technology.

Two programs have been established to date:

- Rural Agroindustriai Development Program. The Appropriate Food Technology Network for Rural Agroindustrial Development (RETADAR) is being set up. it will serve as a mechanism for the exchange of information and experiences among the countries.
- Program of institutional Strengthening for International Trade Negotiations and for the Promotion of Exports. Actions are under way to strengthen information systems, essential for achieving the program objectives. To this end, the Institute has been directly linked to the Trade Information System data base of the Organization of American States (OAS) and the UNCTAD/GATT Market News Service data base, in Geneva, which contain information on trade and markets, respectively.

Rural development and efforts to boost the small-farm economy



Rural development, understood as improving the living standards and incomes of the majority of the rural population and making effective use of rural areas, requires a special approach focusing on rural development as a key component of the reactivation and development strategy. Because of its potential contribution both to the supply of agricultural commodities and to the demand for goods, rural development should be viewed

Progress in rural areas and improvements in the small-farm economy are key components of the strategy to bring about agricultural reactivation and development.

as a vital part of economic reactivation, and not just as a consideration for income redistribution, as was often the case in the past.

A rural development strategy must be based on three conditions. First, once changes in relative prices brought about by structural adjustment have been consolidated, macroeconomic incentives must be maintained for sufficiently long periods of time. Second, differentiated policies must be designed for the sector. Third, small farmers must be actively involved in defining and implementing policies and programs that affect them. It should be noted that, although the small-farm population has generally been treated as a homogenous group, it can be further subdivided into groups of small farmers living below the subsistence level and groups that are self-sufficient.

• Multinational Project on Institutional Policies and Systems for Rural Development. The goal is to upgrade and reform pertinent public administration systems with a view to decentralizing them and boosting the participation of small-farmer organizations and non-governmental organizations (NGOs). Two international seminars were held in Quito, Ecuador and Santiago, Chile on the topic of differentiated policies and decentralization for rural development. Seminars of national scope were conducted in Santiago, Chile; Asuncion, Paraguay and San Jose, Costa Rica on the same topic. In early 1990, an advisory meeting with international specialists was held in San Jose, Costa Rica, to discuss the topic of differentiated policies and decentralization.

Actions In agricultural health

Animal health and piant protection are of key importance to market liberalization and subregional integration, not only for preventing the spread of diseases among countries, but also because they are commonly used as non-tariff barriers to international trade. A hemispheric program has been established to deal with the topic:

- Modernization of Quarantine Information Systems to Increase Agricultural Trade in Latin America and the Caribbean. The objective of this program is to develop concepts and methodologies, information systems and exchange networks, in support of regional efforts. it consists of three components:
 - Strengthening of animal health and plant protection institutions.
 - Harmonization of sanitary legislation in order to promote international trade in agricultural products.
 - Agricultural health information and monitoring.

Efforts are already under way to implement the hemispheric project that will provide conceptual and methodological support to the subregional projects for each of the three subject areas mentioned above.

Agricultural health is essential to the movement toward integration.

IV. SUBREGIONAL STRATEGIES AND PROGRAMS



General Remarks

The PLANLAC's overall strategy is built on individual strategies for each subregion. This improves the effectiveness of efforts to reach agreement on and execute joint actions.

he focus of the operating strategy of the PLANLAC is to develop a process for identifying and carrying out joint actions of importance at the subregional level. Specific geopolitical situations, and the willingness to act jointly in a wide variety of fields, are best understood and tapped at the subregional level, and, more specifically, in subregional fora and through the integration process. These offer an opportunity to reach consensus on matters related to agriculture that directly reflect the circumstances and overall objectives of the region.

The definition of subregional strategies reflects an understanding of the diversity of the hemisphere, making it possible to design specific actions most appropriate to local circumstances.

Division of the hemisphere into subregions follows the lines traditionally used by IICA in its activities, as follows:



Discussions related to the PLANLAC are taken up in the main subregional agricultural fora, which were consulted in the preparation and implementation of the Plan, and with which ongoing contact is maintained. They are:

- The Board of the Cartagena Agreement (JUNTA), for the Andean Subregion.
- The Caribbean Community (CARICOM) and the Organization of Eastern Caribbean States (OECS), for the Caribbean Subregion.
- The Regional Council for Agricultural Cooperation in Central America, Mexico, Panama and the Dominican Republic (CORECA), and the Secretariat for Economic Integration (SIECA), for the Central Subregion; and
- The Advisory Council for Agricultural Cooperation in the Countries of the Southern Area (CONASUR).

The issues and strategies of the PLANLAC are dealt with in subregional fora: JUNTA, CARICOM, OECS, CORECA, SIECA and CONASUR.



Following is a synthesis of the most important points of the subregional strategies and the principal achievements of the Plan's first year of execution.

1. Andean Subregion



Principal characteristics

he following are some of the specific characteristics of the Andean Subregion:

- Low-cost consumer goods must be produced for the urban areas, in order to help curb infiation.
- Subregional integration mechanisms of the region have finally assigned an important role to agriculture.
- Some of the countries depend excessively on oil and mining exports, and need to diversify.
- Food is produced largely by small-scale production units.
- Lack of public safety in both urban and rural areas, and drug traffic, are prevalent in several of the countries; they alter production patterns in the rural areas and create serious economic and social problems.



- Rural poverty and the marked difference between the small-scale and the commercial farming sectors have increased in several of the countries.
- The food security situation in both urban and rural areas is a concern; nevertheless, there has been an increase in food imports.

Strategy guidelines

The general objectives of the agricultural strategy in the Andean Subregion are to strengthen the integration process, boost agricultural output and ensure that the most vulnerable social groups have access to food. Accordingly, the following were identified as the key elements of the new strategy for agricultural reactivation:

- Macroeconomic and sectoral incentives for agricultural production, in order to correct long-standing distortions in price systems.
- Foreign trade, in order to promote efficient substitution of imports and increase agricultural and agroindustrial exports (emphasizing close follow-up of GATT and ALADi negotiations).
- Technology, in order to obtain a sustainable increase in the long-term supply of agricultural products.
- Linkages between agriculture and industry.
- Protection of the environment and natural resources, paying special attention to maintaining the production capacity of the Andean highland and the humid tropics ecological systems.
- The small-farm economy, dealt with through policies different from those for commercial agriculture and focused on the diverse lowincome groups of rural inhabitants.
- Food and nutritional assistance, through programs that ensure availability and purchasing power of target populations.
- Modernization of the public agricultural sector, with a new approach that equips it to contribute effectively to promoting development and redefining the role of agriculture.

Actions carried out and principal achievements

Since the Plan was approved, four joint action projects were prepared and implemented in the Andean Subregion:

Regional Project on Agricultural Policies for the Andean Area, to harmonize agricultural policies in support of economic integration.

The key elements of the strategy for the Andean Area are to strengthen the integration process, boost agricultural output and ensure food security for the most vulnerable sectors of society.

- Cooperative Agricultural Research and Technology Transfer Program for the Andean Subregion (PROCIANDINO - Stage Two).
- Supporting the Integrated Control of Fruit Flies in the Andean Area.
- Strengthening the Andean Network of Animal Health Laboratories.

Although the Plan has been in execution for only a short period of time, it already boasts significant achievements:

- Establishment of stronger ties and improved coordination with JUNTA, boosting the efficiency of cooperation with the countries. Areas for complementary actions have been identified, each with a specific technical work plan; a meeting with cooperating governments and international agencies has been organized, to take place within the framework of the Agricultural Council of the Andean Group.
- Collaboration in defining the Andean Common Agricultural Policy, through the Regional Project on Agricultural Policies for the Andean Area.
- Implementation of a horizontal technological cooperation network.

Four projects have been implemented since the Plan was approved, with significant results.

2. Caribbean Subregion and Haiti



Principal characteristics

he following are some of the specific characteristics of the Caribbean Subregion:

- Almost ail the countries are islands, and have a limited and fragile resource base.
- They receive preferential trade treatment from the United States, Canada, Great Britain and the European Economic Community (EEC).
- There is very little diversification of production, both overall and particularly in agriculture.
- They are largely dependent on Imported foods and scant use is made of domestic supplies to serve the tourist sector.



- The economies are very open to external markets.
- Agricultural competitiveness is low.
- The population growth rate and unemployment levels are high.
- The countries face growing constraints in terms of prices and access to markets for their agricultural exports (particularly as concerns the EEC).

Strategy guidelines

The overall strategy for the subregion is to support CARICOM's agricultural development programs, and thus contribute, through better coordination, to the strengthening of such activities. In general, the objectives of CARICOM's sectoral program and the OECS's diversification program are to increase agricultural production to ensure food security. They also address the need to protect the environment through improved allocation of financial resources. Within this general framework, the strategy emphasizes:

- Reactivating agriculture by making full use of integration mechanisms.
- Strengthening public and private sector institutions and the institutional arrangements between them (including NGOs) with a view to facilitating joint action in connection with the acquisition and generation of technology, investments, training and marketing.
- Coordinating the mobilization of funds and technical assistance for the sector.
- Designing Investment projects to promote private investments.
- Improving coordination among the countries for securing funds and executing investment projects.

Actions carried out and principal achievements

The following initiatives are being carried out in the Caribbean Subregion within the framework of the PLANLAC:

- Design of strategies for policy analysis, planning and management in support of agricultural development in the Caribbean.
- Facilitating Latin American/Carlbbean linkages and transfer of technology for agricultural development.
- Supporting the development of tropical fruit crops in the Caribbean.

The PLANLAC strategy for the Caribbean consists of providing support to the subregional agricultural development programs of CARICOM and the OECS, which seek to diversify agricultural activity.

- Supporting development of the dairy sector.
- Supporting the organization and management of technology generation and transfer in the Eastern Caribbean countries.
- Support to CARDI.
- Strengthening small-farmers' organizations in the Eastern Caribbean countries.
- Monitoring agricultural diseases and pests to increase production efficiency and improve trade in the Caribbean.

The following are the principal achievements obtained since the Plan was launched:

- A donors' meeting was held that specifically focused on agricultural projects.
- Closer ties were developed between Caribbean and Latin American technology generation and transfer institutions.
- The strategy for the subregion has contributed effectively to integration activities called for in the CARICOM and OECS plans of action.

One of the most important objectives of the PLANLAC is to forge closer ties between technology institutions of the Caribbean and those of Latin America.

3. Central Subregion and Mexico¹



Principal characteristics of the Central American Isthmus and the Dominican Republic

he following are some of the specific characteristics of the Central Subregion, excluding Mexico:

- it is highly dependent on the exportation of a limited number of raw materials and thus very vulnerable to the fluctuations of external markets.
- Most of the countries are small; this highlights the need to undertake joint actions to achieve economies of scale.
- The area has experienced a prolonged economic crisis, exacerbated in some countries by political instability. As a result, large numbers of people have been displaced, both within and outside the subregion.
- Mexico is discussed separately because of the significant differences between it and the countries of the Central American Isthmus and the Dominican Republic.



- Relevance of changes in the land tenure structure as a result of settlement policies and agrarian reform.
- There is limited capacity to expand agricultural frontiers.
- Small farmers play a significant role in supplying foodstuffs.
- The subregion receives considerable external cooperation, which means that flexible mechanisms are needed to ensure effective channelling of such assistance.
- The countries of the subregion are covered by the Caribbean Basin Initiative, which gives them preferential access to the United States market.

Strategy guidelines

The strategy for agricultural reactivation in the countries of the subregion seeks to:

- Establish agriculture as a key to national economic growth and the small-farm sector as a production resource of great potential and as a source of domestic demand.
- Expand the role of agriculture as a source of traditional and, especially, nontraditional exports.
- Bring about efficient agroindustrial development by strengthening inter-sectoral linkages.
- Achieve food security, taking advantage of the production potential of small farms and intra-regional trade, among others.
- Promote joint policies and actions, and incorporate agriculture into the reactivation schemes of the Central American Common Market.
- Increase small farmers' participation in exports, and improve related support systems (credit, technology generation and transfer, marketing), equipping them to deal with the new needs and to contribute to conserving the environment.
- Improve production efficiency and ensure compliance with sanitary regulations.

Overdependence on a few exports, the small size of the countries, and a prolonged and severe economic crisis characterize this subregion.

Actions carried out and principal achievements

The following projects were launched within the framework of the PLANLAC:

- Harmonization of agricultural policies in CORECA countries.
- Regional program to strengthen agricultural research on staple grains in Central America.
- Supporting the organization and management of technology generation and transfer.
- IICA/SIECA Agreement.
- Technical assistance for agricultural development in Central America (RUTA II).
- Strengthening agricultural health to facilitate regional agricultural trade.
- Support to border development projects.

Some of the most important achievements are:

- Collaboration in laying the groundwork for harmonizing agricultural policies in the Central American isthmus by designing conceptual frameworks and working methodologies, and providing technical assistance to the national technical committees established by CORECA.
- Collaboration in harmonizing policies for agricultural health and technology transfer.
- Collaboration in strengthening agricultural research on staple grains.
- Collaboration in establishing the basic conditions needed to expand regional agricultural trade.
- Cooperation with the United Nations Development Programme (UNDP) in preparing the technical documentation for the First Agricultural Sector Meeting of the Central American Governments with Cooperating Governments and Institutions, within the framework of the Special Plan of Economic Cooperation for Central America (PEC).
- Support to regional integration, through activities to develop border areas.

One of the biggest challenges lies in helping lay the groundwork for harmonizing subregional policies and expanding regional trade.

MEXICO

Principal characteristics

ollowing is a description of the situation and context of the agricultural sector in Mexico:

- Long-term stagnation of agriculture.
- Intra- and inter-sectoral imbalances.
- Increase in area dedicated to livestock activity, to the detriment of the area used for staple grains.
- Undercapitalization of traditional agriculture.
- Insufficient priority given to agriculture in the development models followed.
- Negative impact of macroeconomic policies on agriculture.
- Increasing support services provided by producers' organizations, as a result of the new relationship with the State.
- An acceptable recovery of the economy.



• Strengthening of the trend toward commercial integration with the United States of America and with Central America; greater participation in regional fora.

Strategy guidelines

The principal strategy guidelines established in the PLANLAC for Mexico are:

- To foster economic, agricultural and technological policies in line with the objective of boosting agricultural development in general, and agriculture in temperate zones in particular.
- To promote institutional reform, including the organization and operation of the principal governmental organizations.
- To bring about changes that alter regional power structures in favor of small farmers, while upgrading small-farmer organizations and training.
- To establish specific measures that directly contribute to solving food shortage problems in many rural communities of the country.
- To promote trade and economic integration with other Latin American countries; to include agriculture in initiatives related to the opening and liberalization of trade.
- To incorporate the agro-forestry system into the international technological system.
- To strengthen the technology generation and transfer system, including agricultural health.

Actions carried out and principal achievements

The following projects are under way:

- Supporting Institutional Development and Modernization in the National Institute for Agricultural Forestry Research (INIFAP).
- Animal and Plant Health.
- Support to the Mexico-Guatemala Subcommittee on Agricultural and Forestry Affairs.

The most significant achievement under the Plan has been the contribution to improving trade and the exchange of technology between Mexico and the countries of Latin America.

In Mexico, and within the context of sharp economic adjustment and greater trade integration with the United States and Central America, the PLANLAC provides support to INIFAP, to agricultural health agencies and to the Mexico-Guatemala Subcommittee on Agricultural and Forestry Affairs.

4. Southern Subregion



Principai characteristics

he characteristics of the Southern Subregion set it apart from the rest of the hemisphere. Integration efforts have also stepped up significantly since the Plan was launched. The salient features of the subregion include:

- The countries are generally large in size, thus presenting considerable environmental diversity.
- These countries produce most of their own food and, taken together, are considered the agro-exporting zone par excellence of the region.
- There is a greater degree of inter-sectoral integration, and more private investments in agriculture.
- Support services were recently transferred to producers' organizations; new relations were established with the State.



- Considerable investments have been made in agricultural research and extension services, producing important results in certain fields.
- Significant changes in the relative composition of agricultural exports and of the overseas markets have occurred.
- Large-scale investments have been made in agriculture by agents from outside the sector making use of modern business techniques; this has accelerated industrialization in the countryside.
- The resilient nature of agriculture was noted only among small-scale food producers.
- Economic integration has taken on new force in the past two years, with the signing of treaties at the presidential level; furthermore, the sector has increased its participation in fora dealing with agricultural integration. Negotiations for a free trade treaty with the United States and Canada will be of special importance to the sector.

The Southern Subregion is characterized by its large size, a reassessment of the role played by the private sector, and a renewed impetus toward integration.

Strategy guidelines

Strategy guidelines for the Southern Subregion seek to:

- Boost the share of agricultural products in world exports.
- Increase the degree of subregional supply, through the integration process currently under way.
- Design national policies to combat rural poverty by modernizing agriculture and strengthening solidarity programs.
- Promote greater participation of the sector in formulating macroeconomic policies, with emphasis on prices, subsidies and marketing.

The objectives for joint action are:

- To enhance the role of agriculture in economic development and reactivation.
- To upgrade the production capacity of the region through joint actions.
- To strengthen the negotiating power of the countries of the area.
- To harmonize policies on incentives, technological development, agricultural marketing and institutional strengthening.

Some of the strategic guidelines for the subregion are: to improve its share in international agricultural trade, to boost intraregional trade, to combat rural poverty and to increase the participation of the sector in macroeconomic policymaking.

Actions carried out and principal achievements

Since the Plan was approved, five projects for joint action have been in operation in the Southern Cone:

- Support for harmonizing agricultural policies in the Southern Area.
- Cooperative Program for the Development of Agricultural Technology in the Southern Cone (PROCISUR).
- Strengthening the ministries of agriculture of the countries of the Southern Area in activities pertaining to foreign trade • and integration.
- Strengthening international agricultural emergency and quarantine systems to facilitate the trade of livestock products in the countries of the Southern Area.
- Strengthening national plant health services to facilitate agricultural trade in the countries of the Southern Area.

The following are the most important achievements resulting from projects included in the PLANLAC for the Southern Area:

- Establishment of CONASUR, a forum for the ministers of agriculture for discussing harmonization of sectoral policies and initiatives in the subregion.
- Strengthening of the Plant Protection Committee for the Southern Area (COSAVE), which coordinates subregional plant protection actions of importance to intra-regional trade.
- Creation of the Regional Animal Health Committee (CORESA), whose objectives and functions are similar to those of COSAVE, but focus on the field of animal health.
- Institutionalization of a horizontal cooperation network for agricultural technology generation and transfer.
- Installation, in each of the countries of the Southern Area, of a data base for policy harmonization.

Institutionalization of horizontal cooperation related to agricultural technology (PROCISUR), as well as the establishment of COSAVE and CORESA, are some of the most important achievements to date.

APPENDIX

PLANLAC PROJECTS UNDER WAY

Central Area

Harmonizing Agricultural Policy in CORECA Countries.

IICA/SIECA Agreement.

Supporting the Organization and Management of Technology Generation and Transfer.

Regional Network for Cacao Technology Generation and Transfer (PROCACAO).

Regional Program to Strengthen Agricultural Research on Staple Grains in Central America and Panama (With support from the EEC).

Training and Study Program on Agrarian Reform and Rural Development for the Central American Isthmus and the Dominican Republic (PRACA).

Technical Assistance for Agricultural Development in Central America (RUTA II).

Supporting Border Development Projects (OAS-IICA Agreement), including the Integrated Development Plan for the Border Zone of El Salvador, Honduras and Guatemala (TRIFINIO).

Support to the Mexico-Guatemala Subcommittee on Agricultural and Forestry Affairs.

Technical Support for Improving the Effectiveness of Decision-making by the Regional Council for Agricultural Cooperation in Central America, Mexico, Panama and the Dominican Republic (CORECA).

Strengthening Plant and Animal Health to Facilitate Agricultural Trade in the Central Area

Caribbean Area

Design of Strategies for Policy Analysis, Planning and Management In Support of Agricultural Development.

Facilitating Caribbean-Latin American Linkages and Transfer of Technology for Agricultural Development.

Supporting the Development of Tropical Fruit Crops in the Caribbean.

Supporting the Development of Livestock Production Systems in Guyana and Suriname.

Supporting the Organization and Management of Technology Generation and Transfer in OECS Countries.

Support to CARDI.

Strengthening Farmers' Organizations in the OECS.

Survey and Monitoring of Animal and Plant Diseases and Pests to Facilitate Increased Production Efficiency in the Caribbean.

Institutional Strengthening and Promotion of International Cooperation for Technological Development in Halti (technology generation and transfer).

Regional Project Unit for the Caribbean.

Andean Area

Regional Project for Agricultural Policies in the Andean Area.

Cooperative Agricultural Research Program for the Andean Subregion (PROCIANDINO).

Strengthening the Andean Animal Health Laboratory Network.

Support for the Integrated Control of Fruit Flies in the Andean Area.

Southern Area

Supporting the Harmonization of Agricultural Policies in the Countries of the Southern Area.

Cooperative Program for the Development of Agricultural Technology in the Southern Cone (PROCISUR).

Support to Trade and Integration in the Southern Subregion.

Strengthening International Agricultural Emergency and Quarantine Systems to Facilitate the Trade of Livestock Products in the Southern Area Countries.

Strengthening Plant Protection Services to Facilitate Agricultural Trade in the Countries of the Southern Area.

Supporting the Coordination and Operation of the Advisory Council for Agricultural Cooperation in the Countries of the Southern Area (CONASUR).

Programs of Hemispheric Scope

Cooperative Program on Research and Technology Transfer for the South American Tropics (PROCITROPICS).

Strengthening Rural Development Institutions.

Incorporation of Women's Issues into the Activities of IICA's Programs Supporting the Hemispheric Program on Rural Agroindustrial Development (PRODAR).

Modernizing Quarantine Information Systems to Increase Agricultural Trade in Latin America and the Caribbean.

Project Preparation Unit (IICA/IDB).

PLANLAC PROJECTS PENDING

Centrai Area

Formulation of Investment Projects for Seed Production of Basic Crops in the Countries of Central America.

Strengthening and Consolidation of Rural Settlements in the Central American Isthmus and the Dominican Republic.

Enhancing the Participation of Rural Women in the Socioeconomic Development of Central America.

The Role of Women in Food Production in Central America and Panama: Policy Proposals.



Program to Strengthen and Consolidate Rural Enterprises.

Training Program in Business Management for Rural Settlement Agencies in Costa Rica, Honduras and the Dominican Republic.

Agroindustrial Conversion in the Central American Isthmus.

Supporting Trade and Integration in the Central American Isthmus.

Non-Refundable Technical Support for the Reciprocal Technical Cooperation Program (COTER).

Regional Agricultural Trade Information Network.

Regional Cold Storage Network.

Regional Stock Exchange for Agricultural Commodities.

Regional Program for Agroindustrial Development.

Strengthening International Agricultural Emergency and Quarantine Systems in the Central Area.

Support to SARH in the Development of Foreign Trade and Trade Liberalization Policies under the Program to Modernize Rural Areas.

Support for Mexico-Central American Trade.

Caribbean Area

Support to the Design of Rural Development Strategies in the Caribbean.

Strengthening National Animal and Plant Quarantine Capabilities in the Caribbean.

Strengthening Agricultural Development Institutions and Services in Haiti.

Andean Area

Andean Rural Development Fund.

Supporting Development for Small Farmers in the Countries of the Andean Subregion by Diversifying Production for New Markets.

Training for Technical Personnel in the Management and Administration of Rural Development Projects in the Countries of the Andean Subregion.

Rural Agroindustry in the Andean Area.

Strengthening Institutional Capabilities for International Negotiations and Integration in the Andean Area.

Cooperative Rural Agroindustrial Development Program for the Andean Area.

Upgrading a Rural Communications Unit for the Countries of the Andean Area.

Southern Area

Supporting the Organization and Management of Technology Generation and Transfer.

Supporting Small Farmers' Organizations in the Southern Area to Diversify Production Activities.

Strengthening Actions to Enhance the Participation of Rural Women in Rural Development Programs and Projects in the Southern Area.

Regional Program on Post-Graduate Agricultural Studies.

Program for the Collection, Conservation and Utilization of Genetic Resources.

Promoting Investments in the Countries of the Southern Area.

Programs of Hemispheric Scope

Economic Opening and Institutional Reform in Agriculture.

Supporting the Formulation and Implementation of Policies on New Technologies (Biotechnology) and Biosafety.

Program of Joint Action to Finance Technology Innovations in Agriculture.

Training Human Resources for Rural Development.

Institution Building and Human Resource Development.

Regional Rural Development Program.

Joint IICA/MAPA Action to Promote the Participation of Young Farmers in the Agricultural Development Process - Training and Technical Cooperation Components.

Project for Joint IICA/MAPA Action to Attract Young Farmers to Costa Rican and Ecuadoran Agriculture.

Promoting the Trade of Agroindustrial Commodities from Latin America and the Caribbean to the Countries of North America.

Supporting the Implementation of Projects Included in the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean (PLANLAC).

Program of Institution Building to Promote Exports and Improve International Trade Negotlations.

Supporting Economic Opening, Trade and Integration.

Promoting Sustainable Agricultural Development.

Supporting Sustainable Development through the Media.

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