



MEDIUM TERM PLAN
1987 - 1993

WHAT IS IICA?

The Inter-American Institute for Cooperation on Agriculture (IICA) is the specialized agency for agriculture of the inter-American system. The Institute was founded on October 7, 1942 when the Council of Directors of the Pan American Union approved the creation of the Inter-American Institute of Agricultural Sciences.

IICA was founded as an institution for agricultural research and graduate training in tropical agriculture. In response to changing needs in the hemisphere, the Institute gradually evolved into an agency for technical cooperation and institutional strengthening in the field of agriculture. These changes were officially recognized through the ratification of a new Convention on December 8, 1980. The Institute's purposes under the new Convention are to encourage, facilitate and support cooperation among its 32 Member States, so as to better promote agricultural development and rural well-being.

With its broader and more flexible mandate and a new structure to facilitate direct participation by the Member States in activities of the Inter-American Board of Agriculture (IABA) and the Executive Committee, the Institute now has a geographic reach that allows it to respond to needs for technical cooperation in all of its Member States.

The contributions provided by the Member States and the ties IICA maintains with its 12 Permanent Observer Countries and numerous international organizations provide the Institute with channels to direct its human and financial resources in support of agricultural development throughout the Americas.

The 1987-1993 Medium Term Plan, the policy document that sets IICA's priorities, stresses the reactivation of the agricultural sector as the key to economic growth. In support of this policy, the Institute is placing special emphasis on the support and promotion of actions to modernize agricultural technology and strengthen the processes of regional and subregional integration.

In order to attain these goals, the Institute is concentrating its actions on the following five Programs: Agricultural Policy Analysis and Planning; Technology Generation and Transfer; Organization and Management for Rural Development; Marketing and Agroindustry; and Agricultural Health.

The Member States of IICA are: Antigua and Barbuda, Argentina, Barbados, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, the Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, the United States of America, Uruguay and Venezuela.

The Permanent Observer Countries of IICA are: Arab Republic of Egypt, Austria, Belgium, Federal Republic of Germany, France, Israel, Italy, Japan, Netherlands, Portugal, Republic of Korea and Spain.

IICA



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PREFACE

The Inter-American Board of Agriculture (IABA), in its Third Regular Meeting, held in Montevideo, Uruguay from October 21 to 25, 1985, approved Resolution IICA/JIA/-Res.72(III-0/85), indicating the desirability of conducting an ongoing process of revision and updating of the Medium Term Plan (MTP), in accordance with the changing needs of the member countries.

The Board also resolved that the Institute and the Member States should obtain the cooperation of a group of experts from outside IICA to evaluate the 1983-1987 Medium Term Plan and the programs and projects carried out within this framework. The evaluation was conducted in February and March 1986, producing important recommendations by the group of experts on the future operations of the Institute. Specifically, it recommended that activities be concentrated in a smaller number of programs where IICA can exercise technical leadership and that concern matters vital to agricultural development and rural well-being. It was deemed important to point out that sufficient operating capabilities should exist in these areas of concentration to enable required efforts to be carried out at the national and multinational levels. To make it possible to concentrate activities in this manner, a number of adjustments were recommended in the way that technical cooperation activities, supervision and follow up and personnel policy were to be carried out.

The 1987-1991 Medium Term Plan was submitted to the consideration of the Sixth Regular Meeting of the Executive Committee, held in San Jose, Costa Rica from July 13 to 18, 1986. It was later approved by the Third

Special Meeting of the IABA, held in Mexico City from October 27 to 29, 1986 (Resolution IICA/JIA/Res.104(III-E/86)).

The general ideas in the MTP were presented by the Director General to the ministers of agriculture of the countries of the Caribbean in a meeting that took place in Saint Lucia on April 14, 1986. It was agreed with the ministers present that a special strategy would be developed that, while following the general guidelines of the new Medium Term Plan, would respond to the needs of the Caribbean countries. The essential points of this strategy were incorporated into different chapters of the MTP. The Director General of IICA also reported on the general features of the MTP in a meeting of the Regional Council for Agricultural Cooperation (CORECA), held in Panama on April 28 and 29, 1986, and attended by the ministers of agriculture of Central America, Mexico, Panama and the Dominican Republic.

During the Ninth Inter-American Conference of Ministers of Agriculture, held in Ottawa, Canada in 1987, the ministers of agriculture of the hemisphere signed the Ottawa Declaration which recognized the magnitude of the crisis affecting the countries of the region and the need to seek a new development strategy highlighting the role agriculture can and must play in achieving sustained development. At this same meeting, the IABA charged the Director General with developing, in collaboration with the Member States and other specialized agencies, a "Strategic Plan of Joint Action in Support of Agricultural Revitalization and Economic Development in Latin America and the Caribbean" (Recommendation X, Ninth Inter-American Conference of Ministers of Agriculture, Ottawa, Canada, August 29-September 2, 1987).

The (IABA), in its Fifth Regular Meeting, held in San Jose, Costa Rica in October, 1989, approved the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean (PLANLAC) and agreed that it should be executed (Resolution IICA/JIA/Res.154(V-0/89).

Since the PLANLAC was approved, because of its consistency with the general ideas of the 1987-1991 Medium Term Plan, and because holding a special meeting of the IABA to analyze a new MTP would involve additional expenses, the Board resolved to charge the Director General with submitting to the Tenth Regular Meeting of the Executive Committee proposed amendments to the 1987-1991 Medium Term Plan (IICA/JIA/Res.168(V-0/89) that would reflect the contents of the PLANLAC.

In compliance with said mandate, a revised and amended version of the MTP, to serve as a frame of reference for the Institute's action until December 1993, was approved by the Tenth Regular Meeting of the Executive Committee (IICA/CE/Res.139(X-0/90).

This Medium Term Plan should not be read and interpreted in isolation from other regulatory instruments of the Institute which complement it, and which provide the means for translating the guidelines contained in the MTP into specific decisions pertaining to operations. These instruments are, inter alia, the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean (PLANLAC), the Program Budget, the annual plans of operation and the instruments of cooperation.

The objectives, strategies, contents of the Programs and operational guidelines proposed for the period ahead seek to merge the needs and demands for technical cooperation arising from the economic, social and

political context of the countries this decade, with the permanent goals of the Institute, as established in its Convention, which are to stimulate, promote and support the efforts of the Member States to achieve agricultural development and rural well-being.

The 1987-1991 Medium Term Plan, and the changes extending it to 1993, covers: 1) objectives and strategies, 2) priority areas for technical cooperation activities, 3) guidelines for the organization of the Institute, and 4) an estimate of the resources needed for executing the MTP.

IICA/JIA/Res.168(V-0/89)

12 October 1989

Original: Spanish

RESOLUTION No. 168

PROPOSAL TO UPDATE THE 1987-1991 MEDIUM TERM PLAN

The INTER-AMERICAN BOARD OF AGRICULTURE, at its Fifth Regular Meeting,

CONSIDERING:

That the broad ideas expressed in the current Medium Term Plan (MTP) can continue to serve as the basis for institutional action;

That in light of the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean, it would be useful to make some adjustments to strengthen the ties between the Plan of Joint Action and this important standard-setting instrument;

That holding a special meeting of the IABA to approve the new MTP would imply additional expenses;

That the Executive Committee, at its Ninth Regular Meeting, addressed this issue and in Resolution 121 recommended that the IABA request the Director General to present to the Tenth Regular Meeting of the Executive Committee, to be held during the second semester of

1990, proposed amendments to the 1987-1991 Medium Term Plan, which would remain in effect until the Seventh Regular Meeting of the IABA, scheduled for 1993; and

That the Executive Committee also recommended that the IABA request the Director General to submit to the Tenth Regular Meeting of the Executive Committee proposals for the evaluation of the MTP and for the preparation of a new Medium Term Plan for 1993-1997,

RESOLVES:

1. To request the Director General to submit to the Tenth Regular Meeting of the Executive Committee, to be held in the second semester of 1990, proposed amendments to the 1987-1991 Medium Term Plan, which would remain in effect until the Seventh Regular Meeting of the IABA, scheduled for 1993.
2. To request the Director General to also submit to the Tenth Regular Meeting of the Executive Committee proposals for the evaluation of the current MTP and for the preparation of a new Medium Term Plan for 1993-1997.

IICA/CE/Res.139(X-0/90)
28 August 1990
Original: Spanish/English

RESOLUTION No. 139

PROPOSAL TO UPDATE THE 1987-1991 MEDIUM TERM PLAN

The EXECUTIVE COMMITTEE, at its Tenth Regular Meeting,

HAVING SEEN:

Resolution IICA/JIA/Res.168(V-0/89) "Proposal to Update the 1987-1991 Medium Term Plan," presented with the purpose of introducing amendments for strengthening the ties between the current Medium Term Plan (MTP) and the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean,

CONSIDERING:

That the Institute needs a standard-setting instrument for its activities for the remainder of the term of the current administration;

That the document submitted by the Director General reflects the mandate received from the Inter-American Board of Agriculture (IABA);

That the Executive Committee, during its analysis of the Director General's proposal, indicated its support of the philosophy underlying the Medium Term Plan;

That during the discussion of this proposal, representatives of the Member States and observers expressed their strong interest in the issues of the participation of women in development, environmental protection, and sustainable development, in the Medium Term Plan;

That the Director General indicated, during the discussion, that the budgetary growth provided for in Chapter 6 of the Medium Term Plan reflects the intent of IICA to maintain zero growth, while at the same time compensating for inflation,

RESOLVES:

1. To approve Document IICA/CE/Doc.203(90)rev. "Proposal to Update the 1987-1991 Medium Term Plan" and to recognize it as the frame of reference for the action of the Institute.
2. To extend the effective life of the Medium Term Plan, as adjusted, to December 1993.
3. To authorize the Director General, prior to publishing the corresponding official document, to introduce such changes in style as may be deemed necessary.

SUMMARY

INTRODUCTION

The countries of the region are firmly convinced that the development model in use since the end of World War Two is no longer relevant. The financial crisis that emerged in the mid-1970s has gathered great force and has unveiled the weaknesses of traditional agricultural-export and import-substitution models. It has also revealed a real possibility for development through a redefinition of the role of the agricultural sector as an alternative target for efforts and resources, especially for investment, in the new situation facing the countries. This demands serious meditation, not only on inter-sectoral relations, but also on the organization and priorities of the agricultural sector itself. Careful and imaginative study is needed of agricultural policies, the role of technology, social organization and existing mechanisms for mobilizing sectoral production, so that new approaches can be devised that take into account the real conditions of the hemisphere today and provide the framework for concrete actions.

A new political desire for cooperation is emerging in the region. This is encouraging for IICA, which attaches high priority to the multinational dimension of technical cooperation. It is a trend that opens up new possibilities for regional exchange and for joint projects among the Member States. At the same time, the economic and financial situation places heavy constraints on actions to be taken. It is unrealistic to think that coming years will bring major increases in resource allocations for agricultural development and rural well-being. Thought must therefore turn to concentrating efforts and increasing the efficiency and effective use of available resources. The recently

approved Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean PLANLAC provides for joint actions and reaching agreement, as well as a forum for the analysis of agricultural development strategies.

OBJECTIVES FOR THE 1987-1993 PERIOD

In this general context, the objectives of the MTP for the 1987-1993 period can be viewed in terms of "encouraging, promoting and supporting the efforts of the Member States" to:

- Propel the development of the agricultural sector as the major source of economic growth with equity, both as a supplier of foodstuffs for domestic consumption and as the major source of foreign exchange. This requires the design and implementation of policies that are consistent with overall economic policies and with the particular characteristics and restrictions of each country. These policies should set strategies for production, marketing and processing that will increase the value of agricultural production, which should be sustainable and, at the same time, promote maximum participation and ensure just distribution. This will be attained only if differentiated rural development policies are implemented, and specific actions are taken to giving rural women and youth their rightful place in the process.
- Intensify modernization and increase production efficiency in the agricultural sector, while preserving natural resources and the environment. This will be done by increasing the use of appropriate technology so as to maintain traditional comparative advantages and the competitiveness of agricultural production in this region. This process should be extended

to all the countries of the region and to the different production strata in each country. The equitable distribution of benefits and the conservation of natural resources (sustainability) should always be taken into account. Modernization should be extended to the institutional level, particularly the State apparatus, which should serve as a facilitator of the action of social agents and an advisor for guiding investments.

- Pursue regional integration. This will be done through joint actions so that operations can take place on a scale that will facilitate better use of limited human and financial resources. Production and commercial complementarity will also be fostered. These actions should be seen as ways of promoting national actions, and will make it possible to create a broader base for competition and strengthen the region's negotiating power at the international level.

THE STRATEGY OF THE PLAN

The main components of the strategy adopted for achieving these goals are the following:

- a. Concentrating efforts and technical leadership on a few subject areas of high priority for IICA's activities. IICA's programs and CEPPI are the main channel for carrying out the strategy in this specific area and for Institute activities as a whole.
- b. Setting priorities among certain IICA functions described in the Convention. Special importance will be given to those functions for which IICA has

greater operational advantages. These will be called operating functions.

- c. Redesigning the operating structure to allow for concentration and the development of technical expertise in subject areas selected for their high priority. For the same purpose, varied technical opinions will be considered in making Institute policies, always favoring decentralization for the implementation of activities, and increasing operating flexibility and responsiveness.
- d. Increasing the supply and effectiveness of external resources for funding programs and projects. For this purpose, the Institute will intensify its relations with international and bilateral funding agencies and will develop mechanisms for cooperating with the private sector and with national and international non-governmental organizations.

The following specific policies will be followed for carrying out this general strategy:

- a. For human resources, emphasis will be placed on renewal and upgrading of the Institute's professional team, in accordance with the priority areas of concentration and proposed operating approaches.
- b. For financial management, present systems will be altered in response to the opportunities offered by technological developments and to needs arising from the new technical and operational structure set forth in this MTP.
- c. For external relations, IICA will combine its efforts with other entities working for agricultural development and rural well-being, in order to

maximize the benefit of the limited resources available. Similarly, IICA will systematically publicize its image and the ideas included in the PLANLAC, in an effort to ensure that the Institute is ever visible on the international scene.

IICA PROGRAMS AND THE CENTER FOR INVESTMENT PROJECTS AND PROGRAMS IN THE 1987-1993 PERIOD

The concentration of efforts will take shape through five Programs and the Center for Investment Projects and Programs (CEPPI). These provide the natural framework for developing technical leadership and concentrating actions at the regional and national levels.

- Program I. Agricultural Policy Analysis and Planning. Program I will aim at encouraging the countries to define an agricultural strategy in which policies are clearly defined, institutional reforms are adopted and strategic investment programs for sustained development are designed and put into operation. Every effort will be made to ensure that these policies, reforms and investments reflect the current international situation and contribute to achieving sustained development.
- Program II. Technology Generation and Transfer. This Program will promote and support actions by the Member States to develop and modernize their institutions in order to improve the design of their technological policies; strengthen the planning, programming, organization and management of their technology generation and transfer systems; and facilitate integration with a view to promoting more intensive reciprocal cooperation, and improved international relations. This will ensure that better use is made of available resources and a better and

more effective contribution is made to solving the technological problems of agricultural production. The equitable distribution of benefits and the conservation of natural resources must be taken into account at all times.

- Program III. Organization and Management for Rural Development. The key purpose of Program III is to support the Member States in designing differentiated policies for rural development, and in upgrading national institutions responsible for policy design, execution and evaluation, with a view to modernizing the small-farm economy and rural society. The Program also seeks to boost the small-farm economy's contribution to reactivation of the agricultural sector, increase the participation of small-farmer organizations in decisions affecting them, and improve the living conditions and quality of life of the rural population, especially low-income groups.

- Program IV. Marketing and Agroindustry. The purpose of this Program is to provide technical cooperation to agricultural agencies in IICA's Member States responsible for solving problems in three areas: international trade of agricultural and agroindustrial products, modernization of domestic marketing and food security systems, and promotion and development of agroindustry.

- Program V. Agricultural Health. This Program is designed to contribute to reactivating the agricultural sector by solving problems caused by the presence and impact of diseases and pests that limit marketing and reduce productivity. Efforts will focus on: increasing agricultural exports, supporting the countries in complying with sanitary requirements for international trade, increasing

productivity through actions to reduce sanitary problems with an economic impact and preventing the introduction and establishment of exotic diseases and pests, by strengthening agricultural quarantine and emergency services.

- Center for Programs and Investment Projects (CEPPI). The purpose of CEPPI is to collaborate with the Member States in preparing diagnostic studies and agricultural sector programs and investment projects, designed to support the modernization and reactivation of the agricultural sector in Latin America and the Caribbean.

GUIDELINES ON ORGANIZATION FOR TECHNICAL COOPERATION

The Institute's working structure will be modified for two important purposes. In the first place, the structure will reflect the recommendation to upgrade the Programs technically, and will involve them directly in the formulation of Institute policies. For this purpose, Program Directorates will be established as technical cooperation units and will be located at Institute Headquarters in San Jose, Costa Rica. In the second place, certain executive decisions will be decentralized to promote flexibility and responsiveness to the specific cooperation needs of the countries. To this end, the duties of the Offices in the countries are redefined, and certain changes are introduced in the Directorates of Area Operations. This will make them more practical in view of the particular characteristics of each area and the needs that may be detected through the process of follow-up and supervision of operations.

Economic and social trends in the hemisphere have boosted the importance of the Center for Programs and Investment Projects, and its participation in preparing

and coordinating the development of agricultural sector adjustment programs.

The Program Directorates assume technical and executive responsibility for developing strategic thinking on their respective areas of competence, and for institutional strengthening and multinational technical cooperation.

The Offices in the countries continue to stand as the institutional and administrative basis for implementing IICA's activities at the national level. They are channels through which permanent relations are maintained with national authorities and other international and regional agencies, at the operating level. Their efforts focus on cooperation at the country level, as concerns preinvestment activities and the provision of direct administrative services for project formulation and implementation, in order to facilitate the effective use of available national and international resources. They also play a key role in publicizing the PLANLAC, in securing external resources and in implementing components of multinational projects at the country level.

The work of the Program Directorates, the Directorates of Area Operations and the Offices in the countries is backed by that of the technical support units (CIDIA and the Informatics Services Unit).

The programming and evaluation system is responsible for coordinating among areas of concentration and for seeing that the activities of the technical cooperation units are consistent with the objectives of the MTP, and that resources are allocated responsibly. At the same time, it provides feedback for maintaining the relevance of the MTP while it is in effect.

The supervision and follow-up system is responsible for monitoring compliance with planned activities and identifying needed adjustments. It involves all the units of the Institute, ensures uniformity of objectives and orients actions in the desired direction.

BUDGETARY RESOURCES

Total resources needed to implement the proposed strategy are US\$63.3 million for 1992. Of this total, US\$28.6 million will be regular resources (45.2%) and US\$34.7 million will be external resources (54.8%). For 1993, total resources needed will be US\$66.2 million. Of this total, US\$29.8 million will be regular resources (45%) and US\$36.4 million will be external resources (55.0%).

A 4% annual increase has been proposed for quota resources, which, in real terms, represents a zero growth rate. As a result, quota resources will be US\$24.7 million in 1992, and US\$25.7 million in 1993. This increase will allow the Institute to comply with the mandate of the IABA for implementing the PLANLAC, while at the same time maintaining the operating capacity of its management units and of the units responsible for providing direct technical cooperation to the countries.

INTRODUCTION

INTRODUCTION

The Medium Term Plan (MTP) is based on resolutions of the IABA, observed problems in the countries and the proposals of the Director General and was designed as a tool for orienting IICA's activities for a specific period. The MTP sets forth the Institute's objectives, strategies and basic working instruments. It establishes Programs and sets general policy guidelines for technical and administrative action, human resources and the financial resources needed to implement IICA's activities.

Within this general framework, this document establishes guidelines for the 1987-1993 period. It draws on the Institute's earlier experiences and works to insert IICA into the political, economic and social context of the Member States and their needs for technical cooperation. The Medium Term Plan is based on an analysis of major problems affecting agricultural development and rural well-being in the region and on IICA's comparative advantage as an international organization. It has been designed as a means for guiding IICA's action for the period covered by the MTP. It establishes a framework for technical and administrative action, describes a strategy for action and puts forth the instruments needed for implementation. Nevertheless, the Medium Term Plan should not be viewed in isolation, but in conjunction with other instruments, such as the PLANLAC, the Program Budgets, plans of operation and technical cooperation instruments, which supplement it and serve to translate its general guidelines into specific operating decisions.

Chapter I provides a summary of essential information on the nature, goals and functions of the Institute as established in its Convention. It briefly describes the historical development of the Institute's activities and

organization, and contains an analysis of the role of IICA's medium term plans in orienting actions for cooperation. It closes with a summary of the recommendations made by the Group of External Experts, G-6.

Chapter II presents a synthesis of the trends and outlook for the agricultural sector and the rural environment as a means of identifying major problems and priority areas for IICA's action during the coming years.

Chapter III defines IICA's objectives, strategy and specific policies for the 1987-1993 term. Similarly, it describes the Institute's general functions and the instruments established in the Convention, and defines the operating mechanisms that will be used to implement IICA's action over the medium term. This will be the framework for assigning a specific role to each of the Institute's units in implementing the Medium Term Plan. Finally, the chapter gives specific policies for human resources, financial management and external relations.

Chapter IV describes IICA's five Programs and the Center for Programs and Investment Projects (CEPPI). It synthesizes the problems found in each of the Programs' areas of competence, describes the purpose of each one, and discusses their particular areas of concentration and priorities. It also gives guidelines for technical action and describes the results IICA expects to attain in benefit of the countries by implementing the proposed strategy.

Chapter V specifies the role and responsibilities for IICA's action through the technical cooperation units (Program Directorates, CEPPI), the Office of the Assistant Deputy Director General of Operations and the IICA Offices in the countries, the management support units (Directorates of Human Resources, Programming and

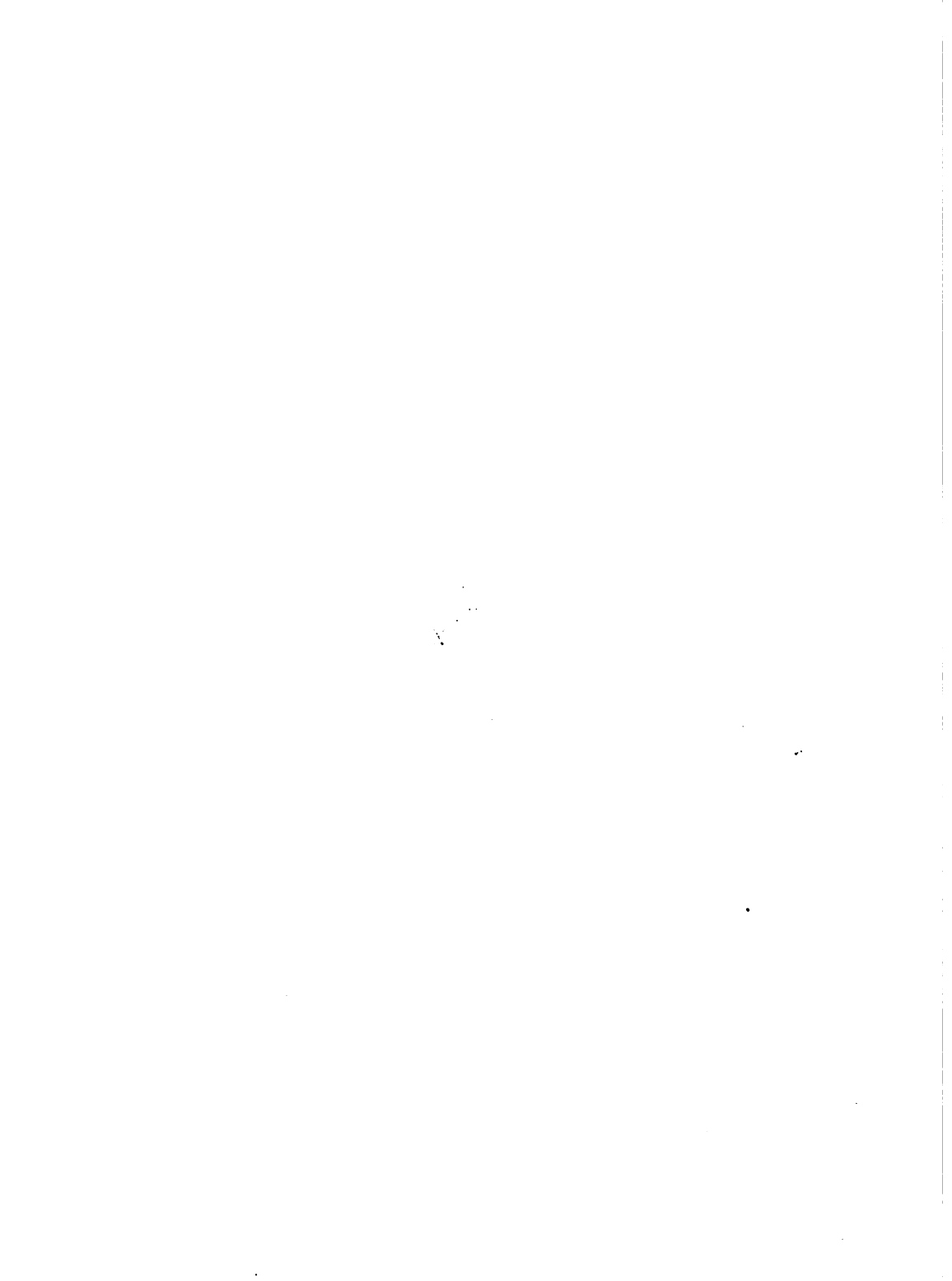
Evaluation, Finance, Coordination of Institutional Affairs), technical support units (CIDIA and the Informatics Services Unit) and CATIE, as an associated agency. It also gives central policy lines for structuring and operating the programming and evaluation and supervision and follow-up systems.

Finally, Chapter VI gives general policies and guidelines governing budgetary needs and outlines the allocation of the Institute's resources during the period covered by the Plan.



CHAPTER I

**THE GENERAL POLICIES OF IICA AND THE REASON
FOR A MEDIUM TERM PLAN**



1.1 Nature and purposes of IICA

The Inter-American Institute for Cooperation on Agriculture (IICA) is the specialized agency for agriculture of the inter-American system. With its present structure, it is the institutional continuation of the Inter-American Institute of Agricultural Sciences, which was created by the Council of Directors of the Pan American Union in October of 1942.

The Convention governing the Institute states that IICA's purpose is to "encourage, promote and support the efforts of the Member States to achieve their agricultural development and rural well-being." IICA is an international organization, with full legal capacity. It is governed by its Member States, which are responsible for providing guidance, and for following up on and evaluating the Institute's operations. The Inter-American Board of Agriculture (IABA) is the Institute's highest governing body, and the General Directorate, its executive body.

The IABA is composed of representatives of all the Member States. It meets every two years, and its responsibilities include approving policy guidelines and the biennial Program Budget. In order to perform these duties, the Board has the Executive Committee which acts on its behalf. The Executive Committee is composed of representatives of twelve Member States, elected on the principle of rotation and geographic distribution. Its functions include examining proposals for the biennial Program Budget, submitted to the Board by the Director General, and making preliminary comments and recommendations to the Board, in its role as a preparatory body.

The General Directorate is comprised of technical and administrative units responsible for coordinating and implementing the Institute's actions, in accordance with policies established by the Board.

1.2 History of IICA's activities and priorities

IICA is an organization dedicated to serving its member countries in their efforts to promote agricultural development and rural well-being. The Institute's actions and priorities have gradually shifted over the course of the years, to reflect new problems faced by the countries. The process of change is noticeable both in the issues targeted through Institute action and in its approach to technical cooperation.

Initially, the Institute concentrated on developing the agricultural sciences. In accordance with the mandate of its 1944 Convention, IICA's action was to encourage and promote the development of agricultural sciences in the countries through research, graduate training and the dissemination of agricultural theory and practice. To meet its objectives, the Institute focused on training and research, covering five major topics: agricultural engineering, animal health and production, entomology, plant and soil sciences. At that time, the Institute was organized as a training and research center; operationally and structurally, it was divided into units specializing in research and graduate instruction.

During the 1950s IICA expanded its sphere of activities, adding a third line of action for rural development. Regional offices were opened in Montevideo, Uruguay in 1951; and in Lima, Peru in 1952 and Havana, Cuba. This marked the beginning of the Institute's shift of focus toward the countries. At that time, the regional

offices were used as the base for regional cooperation projects with the countries. IICA's cooperation style at that time involved regional action by a group of experts concentrating on areas in which the countries lacked native technical capacity. The countries' technical teams were still being developed at the time, and international experts were required to fill national needs and to complement the efforts of the graduate training program in Turrialba.

During the 1960s, profound changes occurred in international relations. Many countries assumed new commitments and geared themselves for development under the framework of the Alliance for Progress. Studies from ECLAC influenced intellectual currents of the time, which raised awareness of the problems of underdevelopment and helped redefine the role that should be played by government institutions.

The countries undertook agrarian reform and began to develop public institutions, which grew rapidly. IICA had a new administration and had received a number of recommendations from the fifth and sixth meetings of the Technical Advisory Council (Lima, March 1960 and San Jose, March 1961). It revised its Programs with the assistance of external experts and its own staff members, and in consultation with national authorities. New orientations and priorities were adopted for the 1960s, calling on IICA to project its action throughout the hemisphere and establish general projects to benefit all the countries.

IICA took on a new dimension, requiring substantially increased resources to extend its Programs, and this was achieved with a contribution from the Special Fund of the United Nations. IICA's three lines of action from the previous period grew to six: rural development,

institutional strengthening, utilization of the tropics, agriculture in arid and humid regions, the regional cooperative program for graduate training and research in crop breeding and livestock production, and agricultural communication.

The "new dimensions" of IICA's action involved major structural change: the Institute was transformed from a research and training center into an inter-American agency designed principally to provide technical cooperation to its Member States. The regional offices were consolidated, the Institute's General Directorate moved from Turrialba to San Jose, and the Latin American Agricultural Credit Center was set up in Mexico, where it would operate from 1961 until 1966, under OAS project 201. Finally, the process of expanding and decentralizing the Institute's geographic coverage began with the establishment of Offices in the Member States.

All of these actions produced a diversification of IICA's technical teams and more importantly, gave the Institute a permanent presence in the countries.

The changes experienced during the 1960s were incorporated into the Institute's first General Plan, approved in 1970. This Plan established a new program structure based on seven lines of action designed to expedite the consolidation and improvement of institutional systems for agricultural and rural development in the Member States. The lines of action were: information and documentation for rural development; education for rural development; agricultural research and technology transfer; agricultural production, productivity and marketing; regional rural development; structural change and small-farmer organization; and development and administration of agricultural policy.

Each one of these lines of action in turn contained one or more programs, and the Institute had a total of 28 technical programs by the end of the 1970s. During this period, IICA experienced rapid growth in its budget and in the number of Member States.

Significant changes which occurred during the 1970s included the assignment of high priority to cooperation in the countries and the consolidation of a network of offices in all the Member States. These changes shifted emphasis to regional directorates, which were now made responsible for coordination and supervision. During this period, IICA's actions focused on strengthening the capacity of other institutions playing an important role in orienting agricultural development and supporting organizations involved in sectoral planning and policy implementation. The Institute also contributed by developing operational models for agrarian reform and supporting the countries in efforts to change patterns of land tenure and to organize farmers.

The Area Directorates were transferred to San Jose in 1980 because of the difficulties involved in operating away from Headquarters. This move was undertaken to streamline operating procedures and allow the directorates to provide more efficient support for the Offices.

IICA's gradual process of change eventually transformed it into an organization for technical cooperation and institutional strengthening in the agricultural sector; the process culminated with the ratification of the new Convention by the Member States in 1980.

The Convention introduced important changes, clearly defining the relationship between the Institute and the countries. IICA's functions and instruments were more clearly specified, programs and operations were expanded

and the Institute's role as the specialized agency for agriculture within the inter-American system was consolidated.

IICA's functions as established by the new Convention are to:

- a. Promote the strengthening of national education, research and rural development institutions, in order to give impetus to the advancement and the dissemination of science and technology applied to rural progress;
- b. Formulate and execute plans, programs, projects and activities, in accordance with the needs of the governments of the Member States, that will help them meet their objectives for agricultural development and rural welfare policies and programs;
- c. Establish and maintain relations of cooperation and coordination with the Organization of American States and with other agencies or programs, and with governmental and non-governmental entities that pursue similar objectives;
- d. Act as an organ for consultation, technical execution and administration of programs and projects in the agricultural sector, through agreements with the Organization of American States, or with national, inter-American or international agencies and entities.

The IABA, at its First Regular Meeting held in Buenos Aires, Argentina in August of 1981, decided it was necessary to review the Institute's policies and operations to make them more consistent with the new Convention. Consequently, the Board requested the Director

General to form a group of five external experts in agricultural and rural development to conduct a general review of IICA's operations and policies.

The group of five experts (G-5) studied the problems affecting the agricultural and rural sectors in the countries and recommended that the Institute adopt programs approved by the Member States, that would anticipate problems in Latin America and the Caribbean during the following decade. The group of experts suggested that programs be designed to complement policies for agricultural and rural well-being defined by the countries.

The Board adopted the 1983-1987 Medium Term Plan, written after a careful study of problems affecting countries, and following consultation with the governments of the Member States on problem areas and areas for Institute cooperation. This Plan replaced the earlier seven lines of action with ten programs to frame IICA's action. These programs were: I. Formal agricultural education; II. Support of national institutions for the generation and transfer of agricultural technology; III. Conservation and management of renewable natural resources; IV. Animal health; V. Plant protection; VI. Stimulus for agricultural and forest production; VII. Agricultural marketing and agroindustry; VIII. Integrated rural development; IX. Planning and management for agricultural development and rural well-being; X. Information for agricultural development and rural well-being.

Changes were also made in IICA's organization and operational structure to provide more effective and responsive technical cooperation to the countries. In 1983, the Institute adopted a matrix structure with technical and operational channels and divided the hemisphere into

four areas for operating purposes: Central, Caribbean, Andean and Southern. It set up 27 offices in the countries and established CEPI, CIDIA, and CATIE as specialized centers, the latter being an associated unit. Area Directorates were once again situated in the countries to conduct functions of supervision and coordination.

Rapid development in the countries, especially in technical areas and in human resources, made it necessary to review the Institute's approach to technical cooperation and its areas of action. It soon became evident that a technical cooperation model based primarily on the work of specialists with limited operating resources and acting in relative isolation from one another was no longer responding to the needs of the countries. The countries had developed their own capacities in many fields, and this obliged the Institute to find ways of maximizing its impact in solving the problems.

The Institute's need to make better use of scarce resources, the continuous and rapid changes surrounding its efforts and the growing move toward regional and subregional integration require that it not only concentrate on fewer areas of action, but that it also develop more effective instruments and procedures for cooperation, and increase its technical expertise and effective leadership in these areas in Latin America and the Caribbean. With this in mind, the IABA, in its Third Special Meeting, held in Mexico, D.F., approved the 1987-1991 Medium Term Plan (IICA/JIA/Res.104(III-E/86)), which reduced the number of IICA's Programs to five: Agricultural Policy Analysis and Planning, Technology Generation and Transfer, Organization and Management for Rural Development, Marketing and Agroindustry, and Animal Health and Plant Protection. New changes were made in the structure of the Institute and

the Area Directorates were once again moved to Headquarters.

In the late 1980s, the deepening crisis affecting Latin America and the Caribbean led the ministers of agriculture of the region to sign the Ottawa Declaration which expressed the need to "...seek out new directions that will lead to economic and social development for our peoples as a firm foundation for peace and democracy in our region....." In pursuit of this objective, IICA was charged with preparing, in collaboration with its member countries and other specialized agencies, a strategic plan of joint action in support of agricultural revitalization and economic development in Latin America and the Caribbean.²

This Plan, which has come to be known as follows, proposes the development of the agricultural sector as a new hub for economic growth in Latin America now and in the foreseeable future. These ideas were summarized in the PLANLAC: "On the threshold of the twenty-first century, and faced with a technological revolution and a world economy divided into increasingly interdependent economic blocs, the region will find its viability threatened unless it exploits its comparative advantages and succeeds in its integration efforts. Economic growth can no longer be based on the transfer of

¹ IICA. The Ottawa Declaration, Report of the Ninth Inter-American Conference of Ministers of Agriculture, Ottawa, Canada, August-September 1987.

² IICA: Recommendation X of the Ninth Inter-American Conference of Ministers of Agriculture.

resources from the more competitive to the less efficient sectors, on protected industrial production destined for small-scale domestic markets, or on processes that concentrate income and produce a disproportionate concentration of the population in urban areas. To the contrary, increases in productivity, linkages created by the adoption of technology, and the reduction of production costs should be the mechanisms used to generate economic surpluses that can be used for investments. Within the new macroeconomic context, characterized by an increase in real exchange rates and a gradual elimination of distortions, the agricultural and agroindustrial sectors will be in a position to make a significant contribution to economic development in most of the countries of LAC."³

In addition to this new conceptual framework, the PLANLAC proposes a series of programs and projects for joint action to be developed by the countries, and mechanisms for coordinating the execution and funding of the Plan.

The preparation of the PLANLAC led to an in-depth evaluation of actions and the questioning of models used in the past. It will affect the way in which the Institute functions, and signals the beginning of a new stage that gives top priority to multinational action and multiprogram coordination in order to attend to agricultural problems in the region.

This new development has made it necessary to revise the 1987-1991 Medium Term Plan in order to introduce the

³ IICA: Principal Document (Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean), San Jose, Costa Rica, 1989

changes needed to bring it into line with the new circumstances and to extend its effective life through 1993.

1.3 Medium Term Plans

Medium term plans were introduced in 1961 as tools to guide IICA's action. The first mention of them can be traced back to the fourth meeting of IICA's Technical Advisory Council, held in San Jose, Costa Rica, which requested the Director General to present to the new Board of Directors a general program on the organization and future actions of the Institute.

The general program, which was based on the long term objectives contained in IICA's Charter, the OAS Charter, and the "objectives for the coming decade," established objectives, basic priorities and 28 technical programs for a five-year period. It stipulated that upon completion of the term of this plan, a new general program was to be prepared.

In 1970, on the basis of the report of an advisory commission and ideas expressed by the new Director General in his message to the Board of Directors⁴, a General Plan⁵ was developed for the 1971-1980 period, which presented a humanistic approach to development, and its

⁴ Message by the Director General: "IICA in the Seventies. A Humanistic Hemispheric Projection."

⁵ Approved by IICA's Board of Directors on November 20, 1970 (Resolution IICA/JD-730-13).

basic strategy included institutional strengthening and education as IICA's principal tools of action.

In 1977, the Board of Directors adopted the Medium-Term Indicative Plan for the 1978-1982 period. This plan was designed to implement the policies and guidelines established in IICA's General Plan; it defined the Programs and methods for cooperation and gave guidelines for resource allocation. Its basic tenet was to make IICA's approach and services more flexible and adapt them to needs of the countries, and provided for the Institute to mold its capacities to diverse technical options for solving specific problems.

Using the policy guidelines established in the document "General Policies of IICA," in 1982 the Institute developed a new Medium Term Plan for the 1983-1987 period, which was approved by the Inter-American Board of Agriculture in October of 1982⁶.

The Executive Committee, in its Fifth Regular Meeting, held in San Jose, Costa Rica from July 29 to August 2, 1985, called for a review and evaluation of the medium term plan then in effect, although only 60 percent of its planned actions had so far been carried out. The decision was prompted by events and changes in the international economic scene, the region's political situation and the need to determine the impact of IICA's actions.

In response to this decision, the IABA, at its Third Regular Meeting held in Montevideo, Uruguay in

⁶ Resolution IICA/JIA/Res.14(II-E/82), dated October 25, 1982.

October 1985, instructed the Director General to set up a group of six experts of recognized prestige, to work in collaboration with the Institute and the Member States to jointly analyze and evaluate the current Medium Term Plan. This evaluation was to focus on the results obtained from the implementation of that plan, in accordance with shifting economic, technological, social and political currents and changing problems in the Member States, and the international experience that had been accumulated. It was to serve as a basis for developing a new medium term plan, to be presented for approval by the Board at its special meeting scheduled to be held in Mexico in October of 1986.

The group of experts (G-6) presented its findings to the Director General in March 1986. Among its major conclusions, the report recommended that the Institute maintain an updated analytical record of economic changes in the countries, the regions and the hemisphere, and that it work to develop leadership by concentrating its efforts on five Programs, in view of the weakness inherent in the existing ten Programs. The G-6 also gave guidelines for future development and proposed that advisory committees of external experts be set up for each Program. It recommended that Program directors should be more involved in the preparation of the budget and in technical supervision and implementation of actions, and a number of specific measures were proposed to alter the role of units at Headquarters and in the Offices in the countries. Mention was made of the need to increase CEPI support of the countries in the identification and preparation of projects and to link its work more closely to Program action. Continued support was recommended for the Inter-American Agricultural Documentation and Information Center (CIDIA).

The group of experts also recommended that the functions of Area Directors be more clearly defined, and that the Directors be given more say in decision making. As a result, it was proposed that they no longer serve as both Area and Office Directors, and that the Directorates for the Andean, Central and Southern Areas be located at Headquarters to facilitate supervision.

Finally, the IABA, in its Fifth Regular Meeting, held in San Jose, Costa Rica in October 1989, charged the Director General with making changes in the 1987-1991 Medium Term Plan to more clearly link it to the Plan with the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean, and to extend the duration of the Medium Term Plan for two years, following approval by the Executive Committee, scheduled to meet at IICA Headquarters in August 1990.

CHAPTER II
DIAGNOSIS AND FRAME OF REFERENCE

2.1 The political and economic scene

The challenges of modernizing agriculture with equity are enormous, and come at a time when the national, regional and world context is becoming increasingly complex and interdependent. This complexity must be understood if a style of agricultural development is to be adopted that will respond to the problems and exploit the opportunities.

A first and important point to be made is that almost all the countries of the region now have a democratic form of government. As the possibility of expressing popular demands increases, it will be necessary to reconcile the objectives of growth and equity, and the way decisions are made will have to change accordingly. However, this return to democracy has coincided with a severe economic crisis, which accentuates the need to make the economic system as efficient as possible in its use of the scarce resources available for further development.

At the national level, each country should undertake a careful examination of the structure and capacity of the State for conducting a viable and sustainable development process. Most countries have begun to do so, with a view to implementing needed changes as quickly and as extensively as social and economic conditions and the political situation in the country will permit. The trend in the region is toward a State that will direct development, intervene less than in the past and play a greater role in mobilizing society. This task is monumental, especially as regards upgrading the efficiency of public institutions, and restructuring them to involve those sectors of society truly committed to achieving social goals.

These political changes are taking place against the backdrop of radical changes in international relations. As the result of an unprecedented technological revolution, which has made it possible to link all markets and countries, and has redefined comparative advantages, major modifications have taken place in production patterns and in the flow of international trade and funds. The consolidation and emergence of large economic blocs - European Economy Community (EEC), North America, Japan and Southeast Asia, etc. - is another key consideration at this time, and is evidence of the interest of the more developed countries in improving their negotiating position worldwide and in establishing a broader base for competition.

The trend toward the globalization of international economic relations has been strengthened by developments in many socialist countries in their move toward democracy, which in many cases will mean an opening up of markets and foreign trade.

These changes in the international scene have presented important challenges to the countries of LAC, which are now aware of the error made in isolating their economies when the trend was toward greater interdependence and the formation of economic blocs. It is evident now that the strategy to involve the countries more intensely in the world economy is of key importance. Many of them have expressed their desire to step up regional and subregional integration as a means of dealing with these changes. However, despite efforts made at the political level, with few exceptions, they have had little impact on economic integration.

The search for new ways to finally make integration a reality throughout the region is one of the subjects on the agenda for the 1990s, as is the possibility of

extending integration to North America, reviving the old idea of a "united America," which some have suggested as a way to respond to the growing dominance of economic blocs outside the region.

With regard to the economic context, it is still heavily affected by the debt crisis which began in 1982.

Since the onset of the crisis, economic and social growth and development in Latin America and the Caribbean have deteriorated seriously. The magnitude of the crisis, which had been taking shape throughout the preceding decade and which was set off by an abrupt and unfavorable change in external funding and price conditions, made it necessary to make adjustments not necessarily favorable to meeting the new challenges of the current world situation, and which frequently drew attention away from the type of adjustments really needed.

At constant 1986 prices, per capita income in 1989 for almost all the countries in the region was below that of 1980. The total value of exports of goods and services increased by 32% since 1980, while that of imports declined by 23%.

Investment, which is one of the key ingredients in promoting growth, declined considerably. Because of pressure to channel domestic savings to servicing the foreign debt, and a general lack of confidence in the level of sustainable economic activity, investments made in 1987 equalled only 73% of the total for 1980. Since 1983, annual gross investment accounted for less than 16% of gross domestic income, which is lower than the 19% and 23% registered for 1960-1969 and 1970-1979, respectively. On the other hand, transfers of capital abroad have risen significantly. ECLAC estimates that,

between 1983 and 1987, the net transfer abroad from Latin America and the Caribbean averaged US\$26.2 billion per year.⁷

The fiscal burden of foreign debt service, which is usually converted into the national debt, combined with not altogether successful attempts to curb government spending and rein in the money supply, frequently produced uncontrollable situations and a galloping inflation reaching unheard of levels. It is noteworthy that, despite the hyperinflation registered in several countries, between 1960-1970, consumer prices in only four countries rose in excess of 15%. This figure rose from four to nine between 1971-1980, and included 14 to 16 countries between 1984-1987.

This situation, which began at the beginning of the decade, was paralleled by a deterioration of real wages. Today, the simple average wage for the region stands at 89% of what it was in 1980, but it is considerably less than in most of the countries, including some of the larger economies.

Even though the decline in real wages contributed to reducing the unemployment growth rate in some economies, in 1987, average open urban unemployment in the region was more than 50% higher than in 1970 or 1980. Increasing levels of underemployment must be added to this situation, which rounds out the picture of deeper poverty and urban centers incapable of productively absorbing displaced people from the countryside, also

⁷ Economic Commission for Latin America and the Caribbean, "América Latina y el Caribe: Opciones para Reducir el Peso de la Deuda," Santiago, Chile, 1990.

illustrating the fact that the process of urbanization has been entirely too fast.

Programs carried out to date in most of the countries of LAC to respond to the new world context can be generally described as "adjustment with recession." These programs have generated negative social effects and political tensions which, in a region characterized by democratic regimes, signals a need for revision. As stated in the Ottawa Declaration, "Most of our countries have been undertaking profound, often painful changes to stabilize their economies and respond to the difficult trade and financial environment. We, the ministers of agriculture, reassert our belief in the need to make these structural changes in the economies of our countries, as long as they allow for a suitable rate of growth and economic development and do not penalize the most vulnerable sectors."

There is broad consensus on the need to move quickly from "recessive adjustment" to "adjustment with growth and equity." Given the macroeconomic constraints already outlined, and which are not likely to change much in the near future, the production activities most likely to expand in times of adjustment are those that:

- Are competitive internationally, and sources of net savings of foreign exchange for the economy, either through increased exports or through an efficient substitution of imports.
- Require relatively low levels of external inputs and of investment.
- Require a high degree of know-how and local skills in production.

- Utilize job-creating technologies.
- Produce important multiplier effects in other production activities.
- Have a cost structure capable of withstanding inflationary pressures, and make a significant contribution to the domestic supply of goods constituting the family grocery basket.
- Are capable of growing in a macroeconomic context characterized by scarce credit and no government subsidies, and flexible in the face of new relative price situations.

2.2 The agricultural sector in Latin America and the Caribbean: Current situation and outlook for the future

The situation in agriculture at the beginning of the 1990s can be briefly summarized by discussing some general considerations and some others related strictly to the sector, all within the context of the economic crisis described earlier.

With regard to the former, changes in economic policy have had some positive and some negative effects, and can be summed up as follows:

- The debt crisis has pointed up the close relationship that exists between macroeconomic policy and the development of the sector, because of the effect of macroeconomic policies on the supply and demand of agricultural commodities. The difficulty of adhering to the objectives and instruments of sectoral policy in the face of serious overall imbalances has prompted discussion of the need to re-establish contacts

between sectoral authorities and macroeconomic policymakers concerning the contribution agriculture can make to providing lasting solutions to such imbalances.

- For the last seven years, agriculture came closer to achieving its potential for growth than other sectors. This was particularly true for food production on small farms and where there was considerable expansion of the export of non-traditional products. It can be said that, at the aggregate level, agriculture has played an anti-cyclical role in the short term, and that it has proven to be "more resistant to the crisis" than other sectors. This is a strong argument for reassessing the contribution agriculture can make in the new macroeconomic context.
- A common response for improving foreign trade balances has been to raise the real exchange rate. This has been accomplished through devaluations, which have encouraged commercial export agriculture in the region. The higher real exchange rate fostered the production of exports and the efficient substitution of imports, and, over the medium term, corrected a distortion that had negatively affected agriculture for many years.

It should be noted that the favorable effects of adjustment programs on agricultural production have been weakened by certain contrary trends.

Concerning public policy and programs, it is necessary to mention reduced fiscal capacity to provide support to research and extension programs and investments in infrastructure, as well as the absolute top priority given to macroeconomic adjustments, which results in a weakening of instruments available for development, such

as credits and tax incentives. In regard to how farmers allocate their resources, mention must be made of increased costs for inputs and higher interest rates, as well as the drop in demand caused by the general decline in domestic economic activity. Furthermore, the urban and rural poor find themselves in ever more precarious situations, brought about by changes in relative food prices and by diminishing subsidies.

Furthermore, price variations, caused by such disparate factors as changes in international prices and exchange rate and tax policies, has made it impossible to plan beyond the next harvest. As a result, the only technological innovations adopted were those that offered short-term returns. Sufficient funds and capabilities were lacking for making wise investments that would provide returns in the medium term.

Outstanding features of the sector which should be mentioned in a characterization of the current situation include some problems that were evident in earlier decades.

- The steady migration of the rural population toward urban areas, despite the fact that industrialization and urbanization have not been able to keep pace in generating new jobs, has created social, fiscal and environmental problems in the large cities.
- A two-tier structure has developed in which specialized export agriculture exists alongside a small-scale agriculture producing foodstuffs for the domestic market.
- Large sectors of the population were denied access to production resources and basic services, usually in ecologically fragile areas. Frequently, this led to

inefficient and unsustainable efforts at primary production, which only deepened rural poverty and accelerated the deterioration of resources.

- Some technological progress was made, especially in the case of commodities with export potential, or, in general, with access to more dynamic markets.
- The use of technology laid the groundwork for increased interdependence between agriculture and other production sectors.
- Areas under irrigation and the agricultural frontier as a whole were expanded. At the same time, the use of lands increased in an unsustainable fashion, including lands with particularly fragile ecosystems.
- The creation and strengthening of public institutions (marketing, research and extension, etc.), which promoted agricultural development in previous decades, came abruptly to a halt.
- New "agricultural economic adjustments," the aim of which is to promote agricultural modernization, has involved medium- and large-scale farmers, both at the individual farmer level and through new types of organizations (export consortiums, cooperatives, non governmental organizations (NGOs), etc.).

Outlook: External context and a new sectoral perspective

The outlook for agricultural development in LAC depends on two key factors: developments in external conditions and the policy decisions made in each country.

With regard to the first point, the analysis of trends generally assumes a continuity of conditions from previous decades, and ties the production growth rate to the evolution of depressed demand (because it presupposes that the worldwide economic recession will continue). Such analyses⁸ forecast a 2.5% expansion of agricultural demand annually, which is even lower than the 3.2% achieved over the last 20 years.

If certain elements of the international context were to evolve favorably, conditions could be different. Recent events suggest that some of the needed changes may indeed take place:

- The lessening of external financing restrictions. Proposals for solving the foreign debt problem received an important impetus with the announcement of the Brady Plan and the package of "debt reduction-funding" offered to Mexico. Should there be progress in this area, the burden of debt service and the qualitative difficulties causing uncertainty in the markets could be reduced, and speculation, indexing and severe constraints on monetary and fiscal policies in the debtor countries could be avoided.
- Reforms in worldwide agricultural trade. This process is under way within the context of the GATT. Most of the proposals for change would have a favorable impact on exports from Latin America and the Caribbean.

⁸ See, for example, FAO: "Potentials for Agriculture and Rural Development in LAC," LARC 3/88, Rome, 1988.

- **Reactivation of the world economy.** This will depend heavily on the success of continued efforts to coordinate economic policies among the relatively more industrialized countries. The economic performance of the Organization for Economic Cooperation and Development (OECD) countries over the last two years seem to signal a departure from the conditions of recession prevailing at the beginning of the decade.
- **Marked improvement in the relations between the superpowers, together with economic reforms in several socialist countries.** Improved ties between the superpowers would free up enormous amounts of economic resources, which would have a favorable impact on the international demand for agricultural products.

In summary, the outlook for Latin America and the Caribbean in the 1990s will depend on the interplay of elements different from those characterizing the preceding decade, because of the many important changes taking place and because these changes will have a direct bearing on the reactivation of the economies of the region.

Independently of what happens in the rest of the world, opportunities must be sought to diversify and improve the quality of agricultural supply in the region. Even in the face of overall external trade restrictions, the countries can gain positions in the world market if they will generate and take advantage of comparative advantages, instead of further depressing their export potential.

In this regard, while pursuing "adjustment with growth," most of the countries of Latin America and the Caribbean can design general and sectoral policies that favor agricultural development, and give their agriculture a

new role to play in their strategies for economic development.

2.3 Problems and challenges for IICA action

Certain issues, listed below, emerge from the context described above. They will shape the problems the countries will have to confront in coming years to achieve agricultural development and well-being, and deserve special attention from IICA.

- a. There is a need to increase agricultural production, both of basic foods for domestic consumption and of export commodities, while keeping ecological and environmental damage to a minimum. Increased productivity should not be achieved at the expense of future generations (sustainability).

This, however, will have to be carried out in a situation of credit and fiscal limitations, and should not spur inflation and unemployment. Thus, the definition and implementation of agricultural policies will be of critical importance. To this end, the countries should have special units set up for advisory services, planning and implementation. They should have considerable technical expertise and work in close coordination.

- b. The conservation of the environment, more efficient use and management of natural resources and the sustainability of agricultural production over the long term are important challenges for the 1990s. It is imperative to formulate production strategies that will satisfy the needs of the present without compromising the ability of future generations to meet their needs. The challenge lies in discovering how to do this while simultaneously achieving

the levels of growth required by the economies of Latin America and the Caribbean.

Even though more arable land and genetic material are available in LAC than in many parts of the world, the overall picture reveals specific patterns of growth that are unsustainable. These have almost always been the result of policies biased against agriculture, unbalanced access to land and land tenure systems, combined with settlement and rural development policies and programs designed with little or no consideration of environmental issues.

In light of the growth and agricultural development needs of the countries, and as a prerequisite for defining appropriate policies and concrete actions, it is necessary to promote studies and discussion and reach consensus on a conceptual and practical framework that fosters sustained agricultural production.

The conservation of natural resources, however, should not be dealt with as a separate topic. Rather, it should be taken into account when engaging in different actions, for example, policy design, technology generation and transfer, rural development programs, etc.

- c. Falling agricultural prices, which aggravate the deterioration of terms of trade and heightens the need to increase and diversify agricultural exports, have made the processing of agricultural commodities and external trade a top priority for many countries in the region. It is necessary to review marketing strategies and structures, have access to useful information concerning external

markets, overcome plant and animal health protection barriers, improve processing and packaging of products, and correct other problems, so as to be able to participate successfully in new or increasingly competitive markets.

- d. There is an urgent need to increase agricultural productivity in the region since it is the principal means of increasing overall production in the face of a shrinking rural population (due to urbanization), and of maintaining competitiveness on international markets. To this end, the countries must attach high priority to technological development, vitalize the public and private systems for technology generation and transfer, and improve systems for the prevention and eradication of animal and plant pests and diseases. They must also design and implement supranational mechanisms for coordination to help them meet the challenges of technological development in the twenty-first century; otherwise, the region is in serious danger of falling even further behind. Again, technological development must take place within the confines established by the need to promote sustainable agricultural development.
- e. The countries of LAC have gained much valuable experience in the field of rural development over the last three decades. A cursory review of these experiences reveals, however, that results have been limited, despite the efforts of the countries.

This suggests that rural development policies should be designed to reflect a broader, multi-dimensional view of the process, including institutional, policy, socioeconomic, funding and production aspects.

This approach proposes an alternative form of rural development for the countries of Latin America and the Caribbean, in which the agricultural sector, the small-farm economy and the rural areas of the countries have a strategic role to play in reactivating the economies and production.

On this basis, it is proposed that differentiated policies be formulated and executed for rural development that: i) fit in with an overall proposal for economic development which will serve as a basis for defining programs and projects and macroeconomic and sectoral policies; ii) are national in scope, while giving consideration to the specific characteristics of the region and the variety of the small-farm economy; iii) are permanent and continue over time; iv) allow for the active participation of civilian organizations; and v) are carried out through institutions structured to implement policies in a decentralized and participatory manner.

The design of rural development programs and projects has also been unsatisfactory, which has led to serious reconsideration of the way in which they are formulated. To support the countries in this task, and in designing and implementing differentiated policies, is of top priority.

- f. If the human capital in the rural zones of Latin America and the Caribbean is to be fully integrated into society, consideration must be given to the role played by women in the social reproduction of the work force in rural areas and in economic production, especially in the supply of foodstuffs for the domestic market. However, although there is an obvious need to take advantage of the

productive capacity of women, because of the poor and backwards conditions of agriculture in LAC, the magnitude of their contribution to the rural economy and to the incomes of their families has never been properly recognized.

Institutional activities aimed at rural women have focused essentially on providing assistance. It is time to leave behind this paternalistic attitude, which is limited in coverage and has little impact. IICA can assume a leadership role by proposing that rural women's issues be included in national strategies and plans designed to increase their participation in economic and social processes. The new approach to the participation of women in agriculture should recognize their potential contribution at the macroeconomic level, and as a strategic player in sectoral policies, plans and programs aimed at boosting growth and the contribution of small farmers to the economy and to rural well-being.

- g. A key ingredient in the reactivation of agriculture is investment. Two problems stand out here: the role of the State in investment, and the role of sectoral adjustment programs and their relation to the international financial system.

Growth in Latin America and the Caribbean will require a return to private investment in the agricultural sector, accompanied by strategic public investments. To achieve this, it will be necessary to strengthen mechanisms for mobilizing financial resources, as a means of re-establishing savings and channeling more domestic investment toward production. In designing public investments, consideration should be given to their

effect on private investment and on development over the short, medium and long terms. Thus, public investments should be based on studies and programs that ensure an efficient allocation of resources.

In the early 1980s, international lending agencies introduced new types of funding arrangements in the form of Structural Adjustment Loans, and, in the case of agriculture, Sectoral Adjustment Loans, in response to the balance of payments crisis. This type of loan, aimed primarily at facilitating institutional reforms and changes in macroeconomic and sectoral policies, will surely become one of the most prevalent types of multilateral funding in the 1990s.

Therefore, it is necessary to provide the countries with support in modernizing institutions, designing sectoral policies and identifying investment requirements, as components of an agricultural development strategy. This will open up a new area for collaboration among international funding agencies and technical cooperation agencies, such as IICA, in an effort to make the implementation of such programs more efficient.

- h. In order to define the new role of agriculture in economic growth, it is necessary to evaluate the new dimensions of the sector and intersectoral relations. With this information, it will be possible to give thought to strategic areas of action for the State, institutional adjustment and the goals of public investment. It is also necessary to assist the countries in formulating policies to modernize production in the agricultural-agroindustrial complex, by strengthening inter-

sectoral linkages. In meeting this challenge, IICA may work in cooperation with other institutions and with other international technical cooperation agencies such as the United Nations Industrial Development Organization (UNIDO). The efforts may serve as a basis for defining Sectoral Adjustment Programs, which would involve working in cooperation with multilateral banks.

- i. Lastly, and closely tied to the problems mentioned above, the Institute should assist in the process already initiated by many countries to modernize their public institutions. Some of the features of this crisis in the State are: i) loss of the capacity to formulate and implement consistent and ongoing policies and actions; ii) reductions in resources to cover operating expenses; iii) falling salaries and the "brain drain;" iv) the undertaking of excessive isolated, uncoordinated activities; v) a high staff turnover rate which drains institutions of accumulated experience; and vi) repeated attempts at reorganizing and restructuring which, on many occasions, have only aggravated the situation because they fail to address the structural problems of the system.
- j. Today's favorable environment for regional integration opens up a tremendous potential for tackling many of the problems faced by the countries, through joint action. This will contribute to maximizing the use of the different technical capabilities available in each one, offer the advantages of economies of scale, and increase negotiating power.

IICA, as a specialized agency for agriculture of the inter-American system, is faced with the

challenge of cooperating with the countries of the region in solving important problems in the area of its technical expertise. IICA must develop innovative ideas and implement mechanisms for action that, in addition to solving concrete problems, will contribute to fulfilling the renewed dream for regional integration that is so evident at the time this Medium Term Plan is being written.



CHAPTER III

**OBJECTIVES, STRATEGIES AND SPECIFIC POLICIES
FOR 1987-1993**

3.1 Introduction

The objectives, strategies and specific policies for 1987-1993 seek to bring together two fundamental elements: a) the situation in and priorities of the agricultural sectors in the member countries, which create the field of action for international assistance; and b) the specific possibilities of IICA's action as an international organization for technical cooperation and its role in an overall and regional context characterized primarily by profound structural changes and movement toward integration.

As seen in the previous chapter, the dramatic changes taking place throughout the world necessitate an ongoing search for imaginative and innovative action, to be carried out through a flexible approach, and which gives priority to consolidating the integration process in the region.

The economic and financial crisis which began in the early 1980s has shown that the development model followed by most of the countries since the post-World War Two period, and that relegated agriculture to a secondary position, is no longer relevant. The ministers of agriculture of the hemisphere, during the Ninth Inter-American Conference of Ministers of Agriculture (Ottawa, Canada, 1987), manifested their recognition of this situation when they requested IICA, in collaboration with its member countries and other international agencies, to draw up a plan that would make agriculture the driving force for reactivation in the region. The principal strategic guidelines of this plan, which are currently being put into operation, are modernization of production and institutions, equity and long-term sustainability.

The adjustment processes undertaken in the region in response to the crisis underscore the need to redefine the role of the public agricultural sector and its relationship with the private sector. It is only with a new public and private institutional framework, one that is dynamic and efficient, that it will be possible to make the decisions required to mobilize the vast potential of the region's resources.

The objectives, strategies and policies for the period cannot be defined without considering the newly emerging political drive for cooperation, which has opened new horizons for exchange and cooperation among countries. Efforts are being made to find solutions to shared problems and to give preference to technical cooperation among groups of countries, as called for in the Ottawa Declaration and established in the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean (PLANLAC).

There are three basic functional and institutional aspects of IICA that explain the objectives selected and the strategies established for the period: a) IICA's nature as an international organization, which gives it clear comparative advantages for making effective use of the Member States' determination to engage in cooperative action, and for translating this into concrete action; b) its current structure as an organization, and the need to adjust it to meet the new needs of the countries and, more specifically, to effectively implement the PLANLAC; and c) the extent of IICA's human and financial resources available for meeting needs for cooperation, preferably multinational, during the period. As concerns human resources, IICA's technical teams must continue to be renewed to respond to new areas of interest and new working approaches. As far as financial resources are concerned, two major points need to be

considered: one is the limited growth expected in quota resources, which requires developing mechanisms that optimize resource use; the second is the funding requirements of the countries themselves and the active role IICA should play in seeking external resources to promote agricultural reactivation and to secure adequate funding for the actions proposed in the Plan.

3.2 Objectives

IICA's permanent objectives as defined in its Convention are "to encourage, promote and support the efforts of the Member States to achieve their agricultural development and rural well-being." Therefore, its medium term plans must state which central factors are inhibiting agricultural development and rural well-being at any particular moment in time, and define high priority areas in which the Institute will cooperate with the countries during the term of each plan.

When the specific objectives of the 1987-1991 Medium Term Plan, and its amendments to extend its effective life to 1993, were being established, the long-term objectives set forth in IICA's Convention were taken into account, along with recommendations of the Board in the document "General Policies of IICA," and the content and objectives of the PLANLAC. On this basis, the objectives for IICA's action for the 1987-1993 period were set, and for which the Institute will "encourage, promote and support the efforts of the Member States" to:

- a. Propel the development of the agricultural sector as the major source of economic growth with equity, both as a supplier of foodstuffs for domestic consumption and as the major source of foreign

exchange. This requires the design and implementation of policies that are consistent with overall economic policies and with the particular characteristics and restrictions that exist in each country. Policies must set strategies for production, marketing and processing that will increase the value of sustained agricultural production, promote participation and ensure just distribution. This will require the design of differentiated policies for rural development, and specific actions for giving a more important role to rural women and youth.

- b. Intensify modernization and increase production efficiency in the agricultural sector, while conserving natural resources and the environment. This will be done by increasing the use of appropriate technology so as to maintain the region's traditional comparative advantages and competitiveness in agricultural production. Every effort must be made to extend this process to include all the countries and the different production strata in each country, and to carry it out in a framework of equitable distribution of benefits and conservation of natural resources (sustainability). Modernization must also apply to the State apparatus, adjusting it to enable it to serve as a facilitator of the action of social agents and an advisor in matters connected with investments.
- c. Pursue regional integration through joint actions so that operations can take place on a scale that will facilitate better use of limited human and financial resources, and encourage the development of production and trade complementarity. These actions, which should be seen as ways to promote action at the national level, will make it possible

to create a broader base for competition and to increase the region's negotiating power at the international level.

3.3 General strategy

IICA's action strategy for this period was defined on the basis of several factors. First of all, the Institute has limited human and financial resources with which to tackle the plethora of problems that limit agricultural reactivation in the member countries. Secondly, its technical specialization and its status as an international organization give it advantages over other national and international organizations for developing certain types of activities. Thirdly, although IICA's evaluations have shown that its work is widely recognized, in order for its actions to have a greater impact, it should focus its efforts on multinational proposals and concentrate its action on those activities that have been clearly identified as priorities by its member countries.

Implementation of the Plan during the 1987-1991 period made it possible to surmount some of these limitations and to take advantage of the possibilities. Nevertheless, the problems still exist to a certain extent, and available resources have dwindled in real terms as a result of the financial crisis in the region. This is why the strategy designed to achieve the original objectives, when combined with the mandate of the PLANLAC, is still valid. The central components of the strategy are to:

- a. Concentrate efforts and resources in five subject areas of high priority to the member countries, in which IICA will develop technical leadership that

enables it to respond effectively to problems facing the countries.

- b. Provide complementary technical cooperation related to the five areas of concentration, and to ensure integrated assistance to the member countries through technical-scientific brokerage.
- c. Provide administrative support services in managing resources to be used in the preparation and execution of agricultural and rural development actions and projects. Because of the nature of these actions, the Institute is not responsible for their technical aspects.
- d. Give priority to certain functions and to the use of certain instruments described in the Convention, for which IICA has clear advantages over other organizations and, therefore, occupies a special niche.
- e. Adapt the structure of the technical and support units to facilitate the task of reaching agreement with national authorities, and to effectively and efficiently implement hemispheric and subregional actions under the PLANLAC, which complement activities the Institute has been executing, and will continue to execute, at the country level.
- f. Establish structures and mechanisms to provide more and better services to the countries for obtaining and using external resources to reactivate agriculture in the region, and to implement multinational proposals for action under the PLANLAC.

Below is a more detailed discussion of the four basic components of the general strategy.

3.3.1 Concentration of efforts and technical leadership: IICA's Programs and the Center for Programs and Investment Projects (CEPPI)

The main instruments to be used in implementing the strategy to concentrate efforts and develop technical leadership in areas that are important for agricultural development and rural well-being in the Member States will be IICA's five Programs and the Center for Programs and Investment Projects (CEPPI). They will serve to identify and analyze problem areas, and set priorities among them, as well as to establish a framework and working strategies for solving them.

If they are to play this important role effectively, the Programs and CEPPI must have sufficient human and financial resources and sufficient authority to influence resource allocation and to contribute to supervising programmed activities.

The areas of program concentration were selected using the following criteria:

- a. They must concern issues singled out as important by a majority of the member countries.
- b. The countries must have well-defined institutional systems that deal with the issues, that can act as counterpart organizations for Institute actions.
- c. They must concern subjects in which IICA is in an advantageous position to take action,

due to its technical capabilities or its institutional nature.

- d. They must lend themselves to a multinational approach.

Viewed in this way, the Programs and CEPPI constitute a natural framework for shaping the Institute's sphere of competence and reaching agreement on actions to be conducted at the regional and national levels, with a view to programming the use of funds, helping avoid efforts from becoming dispersed, and ensuring that cooperation actions contribute effectively to solving the problems that hinder the countries from improving rural productivity and well-being.

The Inter-American Board of Agriculture, The Executive Committee and the group of experts recommended that the number of Programs be reduced so as to concentrate the Institute's activities and upgrade them technically.

The following five Programs were selected in accordance with these recommendations, the criteria listed above and the objectives of the Medium Term Plan:

- I. Agricultural Policy Analysis and Planning
- II. Technology Generation and Transfer
- III. Organization and Management for Rural Development
- IV. Marketing and Agroindustry

V. Agricultural Health and Protection

New developments of the crisis since the current MTP went into effect, responses to the crisis, as well as the objectives of the PLANLAC, have all contributed to the need to redefine the role of the Center for Investment Projects (CEPI) which, as it is now organized, is called the Center for Programs and Investment Projects (CEPPI).

The contents and priorities of each Program and CEPPI are described in Chapter IV.

3.3.2 High priority functions and instruments

The Convention defines IICA's functions and assigns priority to those areas in which the Institute has greater operational advantages. These areas will be called operating functions, and they are:

- a. To cooperate with the countries in analyzing national and regional problems in the subject areas agreed upon, as a point of departure for identifying priorities and strategies of action for each one.
- b. To help strengthen the organization and management of national institutional systems working with each of the priority issues.
- c. To promote, support and carry out multinational technical cooperation actions that will favor technology transfer and integration among countries and will optimize the

use of available human and financial resources.

- d. To promote, support and carry out actions in the countries in the priority subject areas, so as to eliminate or reduce constraints and solve problems that stand in the way of agricultural development and rural well-being, always promoting equity, institutional modernization and flexibility, and sustainability of production.
- e. To provide direct administrative services for formulating and carrying out national projects, facilitating the effective use of available national and international resources.
- f. To provide technical assistance for short-term unanticipated problems and to cooperate in preparing sectoral diagnostic studies and programs, and preinvestment activities, in support of agricultural reactivation.

These operating functions will be carried out through a strategy that emphasizes multinational action, without overlooking activities at the national level, so as to make maximum use of financial and human resources by taking advantage of economies of scale. Using a multinational approach for implementing projects designed to solve specific problems will boost horizontal exchange and thus contribute to furthering regional integration.

In order to carry out these operating functions, which were drawn up to assist the member countries, IICA will make special use of the following tools for action:

- a. Research and studies to identify problems, develop new approaches and methods for problem identification, and develop and propose solutions. These studies will also serve to synthesize IICA's own experience and that of other organizations working in priority areas of concern.
- b. Training to transfer existing know-how on specific subjects and increase the technical and managerial capabilities of national organizations working in priority areas.
- c. Technical cooperation to make available to the member countries the know-how and experience available through IICA and other institutions, and to assist in having them applied to solving problems in specific areas.
- d. Administrative services to facilitate the identification, preparation and execution of national projects.
- e. Technical-scientific brokerage to respond to country requests by identifying highly qualified and experienced specialists and institutions to help solve special problems.

- f. Dissemination of information to make available to the member countries, on an ongoing and systematic basis, the results of Institute activities and other information on problems of the region related to agricultural development and rural well-being.

3.3.3 Changes in the operating structure

The Institute's operating structure should be modified so as to: 1) allow for concentration and the upgrading of technical activities in selected areas of priority; 2) ensure that technical opinions are taken into account in the formulation of institutional policies. To this end, coordination will be established among the Programs, CEPPI, the Directorate of Programming and Evaluation (DIPROE) and the Offices in the countries to prepare diagnostic studies and define strategies for work at the country level. In addition, changes in the operating structure should: 3) foster the decentralized implementation of activities and increase operating flexibility for responding to the countries' needs for cooperation and services. This subject is discussed in more detail in Chapter V.

3.3.4 The role of external resources

In view of the complex circumstances surrounding agriculture at the domestic and international levels, the severity of the structural problems faced by most of the countries and the financial constraints faced by the governments in addressing them, agricultural reactivation in Latin America and the Caribbean represents a formidable

challenge to the countries of the region and to the agencies that work to further development.

Within this framework, implementing the regional programs and projects highlighted in the PLANLAC as a means of promoting agricultural reactivation, and which directly involves IICA, requires an aggressive policy for securing external resources that will make it possible to supplement, with international cooperation, efforts that are to be carried out in each country. Both IICA and the Member States are aware of the need to coordinate the search for resources in order to obtain maximum support in the shortest term possible.

The task is great, especially when considering the fact that the external resources will have to be secured under relatively less favorable circumstances than in the past, due to the momentous geopolitical changes taking place as a result of the opening up and modernization of the countries of Eastern Europe. These changes have begun to affect international relations, altering the flow of trade, investments, financing and cooperation for development.

Given its institutional nature, IICA is in a privileged position to support its Member States with international cooperation. For this reason, the objective of IICA's funding strategy is to increase the availability and effective use of external resources, in accordance with the guidelines of the PLANLAC and the specific priorities of the countries.

3.4 Specific policies

3.4.1 Human resource policies

Technical cooperation activities, by their very nature, can be effective only if they involve highly qualified human resources. IICA has always been concerned with attracting and retaining highly qualified professionals to carry out its activities. However, the Institute's capacity for handling technical cooperation problems is still somewhat weak, especially in connection with policy analysis for agricultural development, international trade and rural development.

IICA's human resources policy assumes special importance in view of the objectives and general strategy of the 1987-1993 period. Accordingly, emphasis is placed on the renewal and upgrading of the Institute's professional team in accordance with IICA's priority areas of concentration, the needs of the PLANLAC, and the proposed operating structures. The following basic guidelines will be used for governing IICA's human resources action:

- a. Reduce the proportion of quota resources allocated for regular international professional personnel during the term of the MTP.
- b. Simultaneously with point (a), increase the number of temporary specialists hired for specified periods of time to work on specific projects.

- c. Improve recruitment and selection procedures in order to guarantee:
 - Wide publicity given to employment opportunities at the Institute.
 - High levels of technical and professional expertise consistent with the specific requirements of the PLANLAC and programs and projects under way.
- d. Promote and establish mechanisms for ongoing staff training and development. Staff members will be encouraged to upgrade their skills, improve their professional competence and increase their knowledge of IICA's official languages, under a general human resources planning and development policy that takes into account the Institute's objectives and priorities.
- e. Ensure that staff promotions and reassignments are based on evaluation procedures that properly measure the ability, performance and potential of Institute staff.
- f. Improve institutional communication and personnel management systems, to make better use of individual staff capabilities.
- g. Maintain an equitable system of compensation and benefits, based on technical criteria appropriate to the Institute's needs and possibilities and to the characteristics of the countries in which IICA operates.

3.4.2 Financial management policies

Because IICA's operating structure is very diverse, and its actions are complex, it needs versatile management and financial systems. Therefore, steps are being taken to modify IICA's management and control systems, making use of recent technological developments and adapting them to the new technical and operating structure established through the Medium Term Plan. The following general guidelines, from the original MTP, will be used for developing these systems:

- a. The Institute will continue to decentralize its operations. Therefore:
 - i. Management responsibility will be delegated closer to where action is taking place; and
 - ii. Staff members in the Offices in the countries will be expected to have the same qualifications and skills as those who hold equivalent positions at headquarters.
- b. The Institute is striving to maximize the effectiveness of its financial and managerial system. For this purpose, accounting information needs in the Offices and at headquarters are being analyzed, and efforts are being made to bring internal requirements into line with the demands of external resource management.

- c. The financial information system is being upgraded, based on the following principles:
- i. Expenditures should be classified for accounting purposes following the same structure used in the budget, to make sure that senior management levels have accurate and timely information when making decisions.
 - ii. Timely and useful financial information will be available for external use, detailing costs of projects at different stages of implementation and stating the financial situation of the Institute at any given moment.
 - iii. Forms and procedures will be adapted to the needs for information. A description of the types of information available for analysis will be distributed throughout the administrative structure so that this material can be given new and different uses. User needs will be reviewed from time to time. Eventually, it is hoped that all Institute data will be computerized.
- d. In view of the increasing importance of external resources for IICA operations, accounting systems for the administration of resources are being developed to improve the control of external resources

as well as of quota resources. Resources from projects funded with external resources will be managed according to the following principles:

- i. In all cases, they must have a revolving fund fitted to their operating timetables.
- ii. Advances from revolving funds will be tied to expenditures planned for the same period and will vary in accordance with changes in activities.
- iii. Advances from these revolving funds must be sufficient to cover any disbursements to be made during the period that the corresponding budgets are being approved.

3.4.3 External relations policies

IICA's external relations will seek to: i) combine actions with other organizations working in agricultural development and rural well-being, so as to maximize the return on limited resources and promote complementary actions, with a view to preventing the duplication of efforts; ii) build up the Institute's image at different levels (countries, the international community, observer and donor countries) as a means of improving its capacity to serve its Member States in their efforts to achieve agricultural development and rural well-being; iii) develop a greater capacity for coordinating operations among technical cooperation and

funding agencies in the area, and the member countries and donor countries, using sub-regional fora as the most appropriate mechanism for coordinating actions in priority areas of agricultural and rural development. To this end:

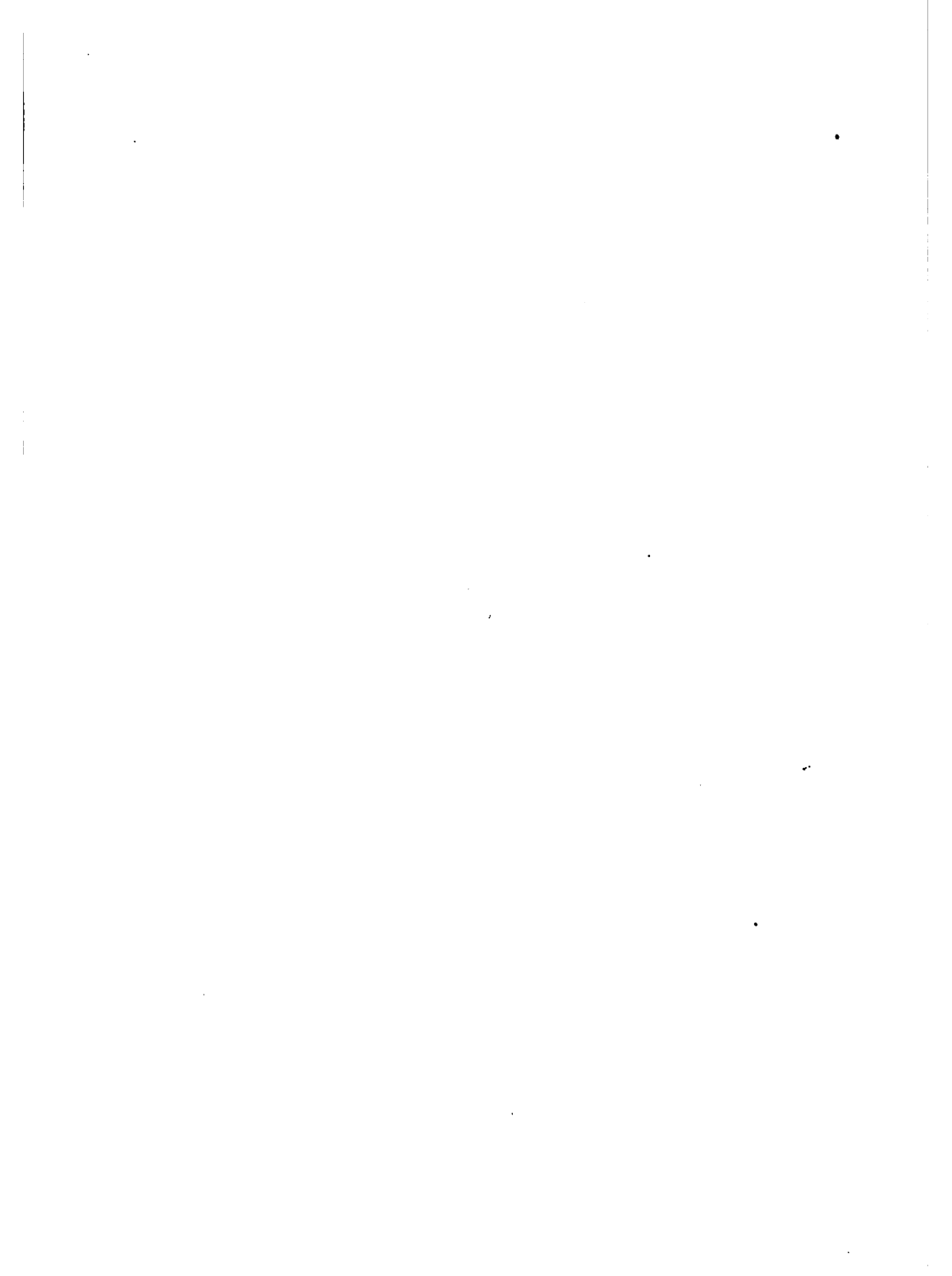
- The Institute will develop closer ties with international organizations and increase its efforts to work with them in coordinating and programming specific activities or projects, by means of national, binational or multinational agreements dealing with areas of common concern and that will benefit the Member States. Strategies will be developed for upgrading coordination and cooperation with those institutions in a position to collaborate in developing IICA's programs and operations.
- In seeking external resources, special attention will be given to developing closer ties with international and regional funding agencies, in order to increase participation in executing development projects approved for implementation in the member countries. Of special note is the support IICA can provide to the countries in formulating sectoral diagnostic studies that can serve as the basis for negotiating adjustment programs to be carried out with the funding agencies.
- With regard to international cooperation agencies, working relations will be strengthened with executing agencies and semi-autonomous government bodies through which some of the most important donor countries channel

cooperation with a view to encouraging their participation in PLANLAC projects.

Along these same lines, special attention will be given to encouraging cooperation with the most important non-governmental organizations (NGOs) in Europe, in that they have been taking the role of executors of cooperation agreements with donor countries. When advisable, three-party agreements will be established between Latin American NGOs, IICA and European NGOs.

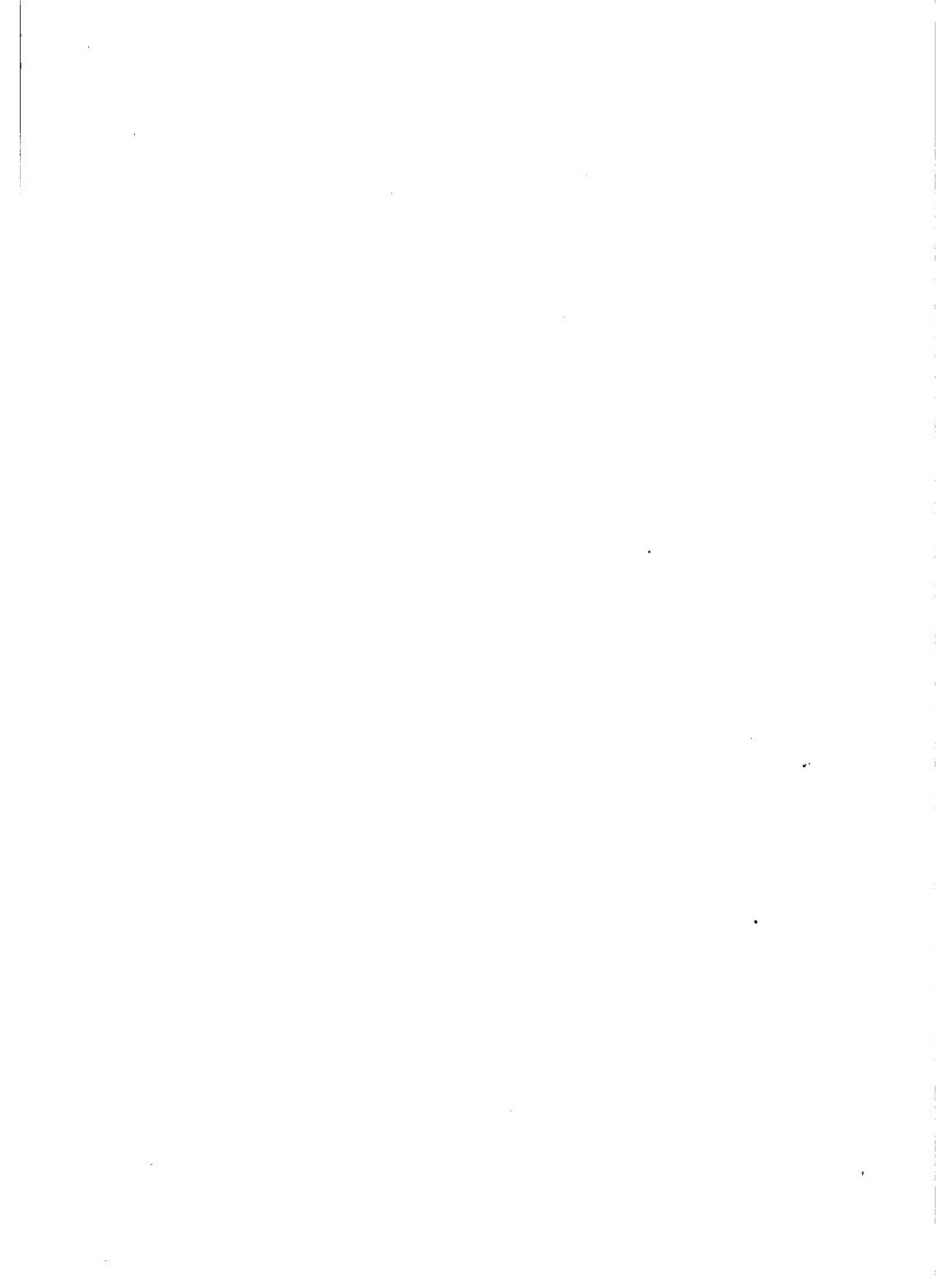
- In view of their capacity to operate specific projects to increase production, and their ability to assume financial and investment responsibilities, producer organizations from the private sector play an essential role in the external funding strategy for national projects. IICA, through its Offices in the countries, will work to arrange this type of agreement, matching international support with interested national organizations.
- The Institute will intensify its relations with observer countries and donors to help them acquire a better understanding of IICA's activities, take more interest in specific projects, and participate actively in Institute action through technical and financial support.

- Procedures and mechanisms will be developed for ensuring that the Institute is systematically and consistently visible on the international scene, so it can publicize its viewpoint and draw attention to the problems of the agricultural sector in Latin America and the Caribbean. This will expand the sphere in which IICA is known and open new technical and financial horizons to enrich future Institute action in benefit of the member countries.



CHAPTER IV

PROGRAM DESCRIPTIONS FOR 1987-1993



4.1 General Principles for the Operation of the Programs and CEPPI

The Programs and CEPPI are the institutional mechanisms established to implement IICA's policy of concentration of effort and exercise of technical leadership, and provide a natural framework within which to establish IICA's area of competence and to reach agreement on regional and country-level actions. The actions of the Programs and CEPPI are carried out in accordance with the following general principles:

- a. Concentration of efforts. Activities will focus on a small number of working areas selected according to their importance, the needs of the member countries as pertains to each, IICA's comparative advantages in each, and the potential of making a major impact with the resources available.
- b. Technical leadership. A team of highly qualified technical personnel will be developed for each area of concentration, and the skills and know-how of staff members will be upgraded on an ongoing basis through participation in research activities and professional meetings. A plan to encourage publications of use to the countries, based on the technical work of the Institute, will be pursued actively.
- c. Innovative action. Ongoing study and analysis of situations and outlooks in the countries, the region and the world in the field of competence of each Program and CEPPI will provide a basis for identifying problems and proposing solutions.

- d. Integration of activities. This will be achieved by making integrated use of the instruments of action that characterize the operations of the Institute: research and studies, training, technical assistance, administrative services, technical and scientific brokerage, and dissemination of information.

- e. Mobilization of national technical resources. In all areas of work and activities, priority will be given to making full use of national technical personnel from the target country or other countries in the region. This will generate networks for reciprocal cooperation and the exchange of experiences, and will help increase the impact of each activity and gradually reduce the need for outside technical assistance.

- f. Complementarity with other international organizations and centers. In all of their activities, the Programs and CEPPI will strive to dovetail their efforts with those of other organizations. This will facilitate their activities in the region and ensure that national systems and institutions benefit fully from the opportunities provided by international cooperation.

- g. Multinational projection. This will be achieved by giving priority to preparing and implementing projects and other cooperation activities that involve several member countries and work to solve common problems. This approach will both maximize the use given to Institute funds and

contribute to boosting integration among the countries of the region.

4.2 Program I: Agricultural Policy Analysis and Planning

4.2.1 Purpose

The goal of Program I is to contribute to designing a model for sustained development in the countries of LAC in which agriculture is assigned a major role. This will demand that, in the search for national well-being, the relations between agriculture and other sectors be strengthened and that the rural population participate fully in raising levels of economic activity in rural areas, thus gradually changing the structural conditions that contribute to rural poverty.

In pursuit of this objective, the action of Program I will be aimed at encouraging the countries to define an agricultural strategy in which policies are clearly defined, institutional reforms are adopted and strategic investment programs for sustained development are designed and put into operation. It is essential that the capacity be developed for designing these policies, reforms and investments, taking into account the international situation and with a view to promoting sustained development.

4.2.2 Problems

There have been important political and social changes in the region, as well as others in the production sectors. These latter changes, despite some outstanding experiences, have not kept pace with technological changes that have taken

place worldwide. Specifically in the case of agriculture, the technology gap has grown between producers and business enterprises that participate actively in international trade and those in less developed geopolitical areas that produce exclusively for their own use or for domestic markets.

It should be recognized that the delay in achieving greater participation in the world economy, and the deepening of differences within the countries, is attributable, to a large extent, to declining investments in production. In general, this decline in investments resulted from the need to use foreign exchange to pay off the foreign debt and the systematic capital flight experienced over the last twenty years. In particular, investments in agriculture declined because of the practice of siphoning off surpluses generated in the agricultural sector for investment in the urban industrial sector. Despite many attempts to subsidize interest rates for agriculture, the terms of trade, which were unfavorable to agriculture, made the sector unattractive. Fortunately, most of the countries have undertaken economic policy reforms and, in many cases, distortions affecting the sector are being eliminated.

The general consensus on the need to come up with a new development model, the growth of democratic processes during the crisis of the 1980s, the recent changes in Eastern Europe and the prospect of a unified Europe, have led many countries in LAC to give serious thought to developing a new style of development. Furthermore, the view that the agricultural sector best tolerated the crisis of the 1980s, the importance being given to food security and the success of many attempts at

sustained agricultural development are reasons to suggest that the sector play a major role in the new development model.

IICA must bring its institutional capabilities to bear on the process to design a development model in which agriculture is assigned a primary role. It must also improve its capacity to assist the countries in generating agricultural strategies and economic policies consistent with the overall development strategy of LAC, but which also take into account the specific conditions of each country.

4.2.3 Areas of Concentration and Action Plans

If the objectives of the Program are to be achieved, efforts must be concentrated on topical aspects and on an ad hoc operating strategy. At the risk of covering too broad a scope, Program I will focus its efforts on three topics: i) agricultural strategies; ii) economic policy and agriculture; and iii) harmonization of policies among countries. With regard to the operations of the Program, the emphasis will be on very active participation and use of the different instruments for IICA action.

Regarding agricultural strategies, efforts will center on generating proposals for the development of agriculture, based on research and the exchange of experiences. The goal is that the countries achieve greater participation in the world economy; that they boost their competitiveness through modernization; that agricultural development be made an integral part of the production system; and that special attention be paid to social and intertemporal equity, through policies in which modernization benefits many

without harming the environment. Special emphasis will be placed on the role of public investment in strategic areas of interest and ensuring that the benefits of same will be long-lasting and as far-reaching as possible.

With respect to economic policies and agriculture, efforts will focus on research, training and technical cooperation aimed at creating the capacity for analyzing, discussing and reaching agreement on economic policy measures. Given the interconnections among the production sectors, these policies must not be biased against agriculture; rather, they should serve as an incentive for investment in the sector. Special attention will be given to analyzing and promoting discussion on exchange rate, tax, trade, fiscal and financial policies, and on the role of the State in agricultural commodity and input markets, specifically as concerns the institutional reforms needed to make its participation effective.

Harmonization of policies among groups of countries will be achieved through research and the exchange of experiences, with a view to having the countries establish mechanisms for exchanging information, carrying out consultancies and reaching agreements. In this way, the countries will derive greater benefits from their comparative advantages and joint commercial ventures, and will move toward a common agricultural policy. The work to be carried out in this field is not limited to harmonizing policies among groups of countries in the subregions, but also among neighboring countries and in LAC as a whole.

Regarding the action of the Program, it is important to point out two aspects that have been the

subject of a careful analysis. The first is that information per se is a fundamental instrument that each country or group of countries can use to formulate strategies, analyze and follow up on policies and harmonize policy measures. The progress made on developing the Information System for Agricultural Policy Analysis (SIAPA) will be continued as part of the general strategy to support the countries. Information systems development, however, is not an area in which the Program will concentrate its efforts.

Recognizing that there are many institutions which are involved in agriculture, part of the Program's strategy will be to promote closer ties among these institutions. Nevertheless, the Program will become involved in institutional strengthening per se in its area of competence only when IICA resources so permit.

Obviously, if the objective proposed is to be reached, it must be understood that agricultural development depends on national development strategies, on overall economic policies and on public investment programs, all of which affect the economic environment and physical conditions of the sector. It is important that this be understood because it implies that, if the goals of Program I are to be achieved, IICA will have to establish mechanisms at the national and international levels for broader institutional relations. Therefore, it is important to strengthen relations with agencies involved in development in the region and worldwide. At the country level, relations are necessary with agencies other than just the ministries of agriculture. They should be made aware that no single agency should assume total responsibility for agricultural policy, but rather that several organizations should

be involved in a framework of consistent policies for the production sectors.

It is necessary to bring together people from the region who can contribute in the processes of reflection, analysis and management. This should not be limited to renowned experts in agriculture or agricultural economics, but should include people involved in the search for a new style of development and those with management experience in the private sector.

At Headquarters, mechanisms should be established for feedback and consultation among the Program Directorates, so their contributions to the Institute will be consistent and sound.

The multinational projects of the Program are the mechanisms used by the Institute to complement efforts carried out with regional agencies to strengthen integration and harmonize policies. They are also an effective means of promoting further reflection on agricultural strategies, taking into account the specific characteristics of each region.

The hemispheric, multinational (regional) and national actions of the Program need to be more carefully coordinated, so as not to waste institutional capacity. It must be recognized, however, that national projects will reflect IICA's strategy or plan of action at the country level, which should also take maximum advantage of complementary contributions from DIPROE, CEPPI and Program I.

4.3 Program II: Technology Generation and Transfer

4.3.1 Purpose

Program II was established in response to two fundamental issues: i) recognition by the countries and the international technical and financial community of the importance of technology to production development in the agricultural sector; and ii) a general conviction that the potential of science and technology can be fully tapped only with the existence of institutional models capable of developing appropriate technological responses to the specific conditions of each country, and with a framework that encourages and facilitates the incorporation of new technology into production processes.

The Program promotes and supports Member State actions in connection with institutional development and modernization aimed at improving the design of technology policy; strengthening the planning, programming, organization and administration of national technology generation and transfer systems; and promoting closer ties among these, with a view to increasing reciprocal cooperation and improving international relations. This aims to make better use of available resources and a more effective contribution to solving the technological problems of agricultural production. Efforts in this field will take place in a framework of equitable distribution of benefits and conservation of natural resources.

Following the guidelines of the PLANLAC, Program II will focus on priority areas for joint action, including: conserving natural resources; structural adjustments in institutions; making optimum use of the international technology generation

and transfer system; incorporating biotechnology into the processes for producing foodstuffs, raw materials and agricultural inputs; and improving human resource skills in the fields of research and technology transfer.

4.3.2 Problems

Together with other factors such as natural resources and capital availability, technological innovations determine a country's resource production output and the competitiveness of its products on international markets. It is necessary for the society as a whole that a highly technical style of agriculture be adopted. Technology, then, becomes one of the key elements in the strategy to reactivate agriculture in the region, as confirmed in the PLANLAC.

A key consideration in the process to reactivate the agricultural sector through technological change is to design strategic policies that will prevent further destruction of the environment, especially natural resources. Several cases in point are: accelerated degradation of lands, indiscriminate use and destruction of forests, uncontrolled use of agrochemicals, extremely intensive production systems that further degrade the soil, and other practices that pollute the environment. This should contribute to achieving sustainable growth in agricultural production and productivity, which would make it possible to satisfy current demands for foodstuffs, raw materials and inputs without undermining the ability of future generations to satisfy their needs. Advances in science, especially biotechnology, microelectronics and the manufacture of new materials, as well as experience gained in other parts of the world and in LAC in particular

situations, show clearly that this task is feasible.

A second issue to be tackled is the institutional system. The creation of technological institutes in the 1950s was followed by a proliferation of new "actors" and the continuous emergence of private sources of technology generation and transfer. The institutional base has also been expanded at the international level through the creation of mechanisms promoting horizontal cooperation and technology transfer among countries, such as PROCISUR, PROCIANDINO (in its first stage), PCCMCA, PRECODEPA, PROCACAO and PROMECAFE and others; international centers of the CGIAR system; and, especially, international centers headquartered in the region, such as CIMMYT, CIAT, CIP, and subregional centers, such as CATIE and CARDI.

The many institutions included in this institutional base face problems that limit seriously their actions and their ability to contribute effectively to agricultural development and rural well-being in the countries of the region. Some of these problems are:

- a. Difficulties in developing a general technology policy: The lack of clear technology policies and/or difficulties encountered in coordinating technology policy with other components of agricultural policy are problems common to the region which must be solved.
- b. Inadequate institutional models: The organization and structure of some institutional systems have become outdated and no longer

reflect the structure of agricultural production and new institutional developments, such as the growing importance of private sector participation and the action of international centers. In addition to problems of organization, the institutions' administrative and management capabilities are often weak, primarily the result of the growing complexity of technology generation and transfer.

- c. Insufficient budgetary resources for research and technology transfer: Resource allocation to this field has come to a standstill, and in real terms has declined, as a consequence of cutbacks in public spending. This has produced unattractive salary scales, very tight operating budgets and almost no possibility for investment. In addition, most of these institutions employ conventional methods for securing resources that are very ineffective in accessing new sources of funding that have become available in the new institutional context.

- d. Scarcity of qualified human resources and lack of coordination between research and training: Only 45% of professionals have received training at the post-graduate level, and there is a high staff turnover rate. In addition, in most of the countries, agricultural research and technology transfer are completely removed from agricultural education, both at the undergraduate and graduate levels. This aggravates the human resources situation at a time when the new technologies generate specific needs in this field.

- e. The problem of the small countries: The principal problem faced by small countries in connection with research and technology transfer is the potential conflict between their technological development needs and the amount of resources they can devote to such activities, given the size of their economies.
- f. Difficulties in adjusting technological innovation systems to new technologies: At the present time, biotechnology, bioenergy and microelectronics are the new bases of technological innovation. Progress in all three fields is not only irreversible, but also quite accelerated. In this regard, the countries of the region are at a distinct disadvantage when compared to the developed countries, in that they are just beginning to research, develop and take maximum advantage of biotechnology. This is caused by the national research systems' inability to develop policies and strategies on organization and production, and by the inexistence of mechanisms at the regional level for integrating and sharing experiences, enhancing individual efforts and facing, through joint programs, the new challenges of generating the knowledge needed for technical innovation in agriculture.

4.3.3 Areas of Concentration and Action Plans

IICA sees this situation as a challenge involving both problems and opportunities. On the one hand, the countries of Latin America and the Caribbean possess infrastructure and experience that can be used in developing new technologies which, together with other factors, will

contribute to transforming agriculture. On the other, their institutions have certain shortcomings that limit their possibilities in this field. Thus, and in the context of its priority areas of action, IICA, through its Technology Generation and Transfer Program, will direct its activities toward cooperating with the Member States in solving the principal problems and constraints.

The Program will promote and support the development and modernization of the institutions of the national agricultural research and technology transfer systems (SNITTA) of the countries of the region, in order to increase the impact they have on agricultural production. To this end, the Program will focus efforts on two strategic areas: increasing the quality and amount of resources available, in general, and improving the use of existing resources.

With regard to the first of these, efforts will be made to actively promote and support reciprocal cooperation mechanisms among countries, and among them and the international scientific community. Support will also be lent to plans and programs to develop human resources, preferably through training related to national research and transfer priorities. Efforts will also be made to establish coordination mechanisms with different funding sources, with a view to increasing the amounts of existing resources and creating alternatives for obtaining same. One of the strategies will involve supporting the preparation, negotiation and implementation of investment projects at the national level, and of important donations, many of which are multinational.

As concerns improving the use given to existing resources, Program II will work to promote and design better policies and institutional models, as well as structural, organizational and operational changes that will make the SNITTAs more efficient and effective. It will also focus on upgrading the managerial and administrative skills of those responsible for managing and executing research and technology transfer activities. Finally, Program II will promote modernization and work to improve access to and utilization of the knowledge and other resources made available through the international scientific and technological system.

On the basis of the strategies mentioned above, Program II will concentrate its activities on four areas:

a. Development of research and technology transfer institutions

i. **Design and planning of technological policy**

In this area, the Program will focus on the design of general technological policies which will contribute to effectively linking agricultural production with industry and trade. Special care will be taken to ensure that such policies reflect general agricultural development policies of the countries, and are consistent and harmonious with socioeconomic and environmental factors. A key element will be to make use of strategic planning systems, with a view to updating

the technological development process to meet the challenges of the 1990s.

More specifically, in this area, Program II will:

- Conduct studies and research aimed at generating information that will lead to a better understanding of the different issues and problems involved.
- Advise the national and institutional systems of the countries in connection with the design and execution of policies, plans and strategies, and mechanisms for implementing them.
- Analyze new opportunities and restrictions arising from developments in biotechnology, the priority given to the conservation of natural resources and the environment, the need to bring the public and private sectors together and to develop a more direct relationship between research and technology transfer.

ii. **Organization and administration of national research and technology transfer systems and institutions**

Activities will center on three main topics. The first is the development of new institutional models, updated to reflect the new context and the many actors. The second concerns the

implementation of methods for planning, programming, following up on and evaluating research, especially the stages of validation and transfer to different users. The third relates to human resources training in administration and management, which will involve preparing materials and holding events, as well as making such training part of undergraduate and graduate study programs in the countries.

Specifically, efforts will focus on:

- Studying and analyzing existing structures and new institutional developments; and providing technical support in the design and implementation of specific processes for changing or reorganizing institutional models.
- Providing training at the regional, subregional and country levels in connection with the administration and management of research and technology transfer systems and institutions.
- Establishing information and documentation systems on specific topics related to the administration of research and technology transfer.
- Developing programs to train human resources in research and technology transfer.

iii. Development of mechanisms for funding technological innovation

In Latin America and the Caribbean, the funding of research and transfer is of great importance both because of the major role technology plays and because of issues related to the costs and benefits of research. Some argue that funding for research should come from the State because it benefits society as a whole. Others argue that the sectors involved in agricultural production should pay for research, in that they benefit directly from new technologies. In most of the countries, the private sector has begun to invest in research. In this connection, the Program will provide support by:

- Studying existing methods and mechanisms for funding research and technology transfer, with a view to making recommendations to the countries on this matter.
- Facilitating the exchange of ideas between national systems and institutions and involving both the public and private sectors.
- Cooperating with the countries in conducting studies on different funding initiatives.
- Supporting the systems and institutions in the search for direct financial or other resources.

b. Promotion of reciprocal technical cooperation and the international transfer of technology

The cooperative programs PROCISUR and PROCIANDINO, the crop-specific networks PROMECAFE, PROCACAO and PRECODEPA, as well as the networks established by international centers for the crops they work with, are particularly important initiatives because of the way they can put available resources to effective and efficient use, especially in the smaller countries. If these programs are to continue to grow, and others are to be created, they must have a solid financial base. The CGIAR system is expanding, and national institutions need to take on a more active and complementary role. In conjunction with the centers, they should select topics, products or ecosystems to work on that are either partially or not at all covered by current programs. Presently, initiatives are under way to decentralize research, assigning certain aspects of same to national programs with the capacity to do so. National systems and institutions must decide what tasks to assume, how to transfer responsibilities, how complementarity is to be achieved, and how to efficiently administer the process in such a way that all countries will have access to the results of the research.

In this connection, the Program will collaborate with the Member States in:

- Identifying areas and opportunities for cooperation.

- Searching for and securing financial resources needed for cooperative action.
- Designing and implementing institutional and administrative mechanisms needed to institutionalize horizontal cooperation.
- In collaboration with national and international institutions, designing and implementing institutional and operational mechanisms for decentralizing research currently conducted by international centers.

c. Cooperation in boosting technological development in strategic areas

Several countries, especially the smaller and less developed ones, have only recently begun to generate and transfer technology. The main restriction on their activities has been the scarcity of qualified personnel in key areas. Even though the Program concentrates on institutional development and the promotion of horizontal cooperation, among other things, and can assist the small countries in these concerns, priority has also been attached to providing these countries with support in strategic areas related to research and technology transfer. This represents a major contribution that can be made, especially when these countries have the financial resources necessary, either their own or from external sources, but lack other instruments and resources for effective project execution. Even if the technical aspects of the projects are outside the area of competence of the Program, it can make an important contribution by:

- Providing methods for the formulation, programming, execution, follow-up and evaluation of specific projects.
- Collaborating, at the request of the countries, in coordinating and implementing technical projects related to the research and technology transfer process.

d. Administration of technical assistance and financial resources for research and technology transfer

The development and consolidation of a highly productive research and technology transfer system demands adequate funding. Because of the nature and high rate of return on investments in this field, bilateral and international agencies have shown a marked interest in supporting national efforts to strengthen their technology generation and transfer systems. For this interest to be translated into concrete, productive programs, specific projects and the capacity to administer them must exist. Program II will assist the Member States in their efforts to access these funding opportunities by:

- Collaborating, together with CEPPI, in the design and formulation of investment projects, and in projects receiving national or multinational technical cooperation and financial resources.
- Participating, at the request of the countries, in the administration of such resources.

4.4 Program III: Organization and Management for Rural Development

4.4.1 Purpose

Approximately two-thirds of the rural population in Latin America, commonly known as campesinos or small farmers, consists of family units. In the mid-1980s, there were more than 16 million, with a total population of some 75 million. They controlled nearly 60.5 million hectares, or 35.6%, of the 165.5 million used for agriculture. Their contribution to the food supply surpassed 60%, and in the case of exports was 24%. They also owned 24% of the beef cattle and 78% of the swine population. To these figures, which are in themselves quite revealing, must be added their contribution to generating jobs in the countries of LAC.

However, their contribution to the economies of these countries was limited by development models that gave higher priority to the urban economy and assigned small farmers the role of supplying cheap food. Furthermore, their access to services such as credit, technology and production infrastructure was limited by policies and instruments designed to boost production, but which, in many cases, were biased against them. This situation and small farmers' limited access to production resources contributed in large measure to creating widespread rural poverty.

Small farmers constitute a very heterogeneous group. They differ in terms of the source of their incomes, levels of capitalization, participation in markets, and in their forms of social organization. With regard to the first point, some small farmers earn their money from

other endeavors and agriculture is a secondary source of income for them. There are those that earn their money from agriculture but do not accumulate capital; others who have begun to capitalize on the basis of agricultural activity; and, finally, those who have capital and participate in some way in commodity, financial and input markets. As concerns social organization, some small farmers work individual plots, while others are involved in village or communal organizations.

There are important differences within small farmer families, in terms of the gender and ages of their members. Of particular importance is the role of women, who ensure social reproduction, and also make significant contributions to agricultural production, as part of the family work force and, when family members must migrate to find work, as the person in charge of production. The limited resources available to small farmers and the scant educational and work opportunities in rural areas seriously curtail opportunities open to rural youth.

The possibilities for rural development are also limited by the nature of rural society. The metropolitan-type urban development model limited opportunities for modernizing the rural societies, which are characterized by an absence of rural agroindustries, modern and competitive marketing systems, production services and communications and energy infrastructure. All of this contributes to perpetuating economic stagnation in the rural areas and the transfer of surpluses to the large urban centers.

The principal objective of Program III is to support the Member States in elaborating

differentiated policies for rural development; in strengthening their institutions; and in formulating, implementing and evaluating rural development programs and projects, with a view to modernizing the small-farm economy and rural society. This will help boost their contribution to the reactivation of agriculture, strengthen the participation of small-farmer groups in decisions that affect them and improve the living conditions of the rural population, especially the most underprivileged.

Differentiated policies for rural development are those that recognize the unique nature of the small-farm economy and of small farmers, the rural society in which they live and work and their relationship with society as a whole. Such policies are designed to generate processes that will draw more people to the countryside, strengthen intersectoral linkages between small-farm agriculture and the rest of the economy, create new centers of accumulation and, consequently, a strong and diversified domestic market, balanced regional development and the conservation of natural resources.

Among other things, this will require the coordination of macroeconomic and sectoral policies with rural development programs and projects; the strengthening of actions aimed at the small-farm economy through microregional development plans; and a decentralized institutional system that ensures the participation of organized small farmers and the rural population.

Program III will focus its efforts on assisting the countries in:

- i. Formulating, executing and evaluating differentiated policies for rural development, including the coordination of macroeconomic and sectoral policies with rural development programs and projects, and respecting the unique nature of the sectors targeted.
- ii. Strengthening the administrative and management structures and systems of national, regional and local institutions, encouraging decentralization and the participation of farmers and the rural population.
- iii. Promoting the formulation and execution of programs, policies and projects aimed at rural women as a key player in the rural development process.
- iv. Promoting actions aimed at rural youth, as part of rural development programs and projects.
- v. Training human resources in the formulation, execution, administration and evaluation of rural development policies, programs and projects, and in the management and administration of small-farmer organizations.
- vi. Contributing to the establishment of special funds for rural development.

4.4.2 Problems

If the goals described in the preceding section are to be achieved, the following problems must be overcome:

- In general, conceptual models are weak and do not clearly define the role of the small-farm economy in the current economic context of the region or how it is affected by changes in the world economy. This limits the capacity to formulate and execute policies that will promote growth and equity for small farmers and rural society.
- Inadequacy of national, regional and local institutional, management and administrative systems involved in rural development, which lack the conceptual and operational skills necessary for modernization.
- There is a general lack of institutional models for helping the countries move toward decentralization, which will reduce the concentration of resources and decision making, and boost the participation of the rural population, especially small-farmer organizations.
- Limitations in the organization and management of settlements and small-farmer organizations that make them unable to compete with more competitive economies.
- Lack of qualified technical personnel to formulate, administer, execute and evaluate differentiated policies for rural development, including microregional and specialized programs and projects and programs focusing on rural women. Lack of trained technical personnel and rural outreach workers to improve the management of small-farmer organizations and train their members.

- Lack of conceptual frameworks and operational models for formulating and executing programs and projects that promote greater equality between the sexes and better opportunities for young people in rural areas.
- Insufficient financial resources available to the countries for rural development.

4.4.3 Areas of concentration and action plans

- i. Strengthening of institutional systems for the formulation, execution and evaluation of differentiated and decentralized policies and rural development programs and projects

This implies, among other things, providing support to national institutions involved in rural development by:

- Analyzing further the impact on the small-farm economy of the new economic and political contexts, the crisis and efforts at economic reorganization, and the implications of same for rural development.
- Formulating objectives, strategies and operating instruments for nationwide rural development policies, as an integral part of national development plans.
- Identifying regions and microregions, on the basis of socioeconomic and production factors, for use in designing rural development strategies that reflect the heterogeneity of the rural sector.

- Identifying institutional, technical and administrative problems of public agencies responsible for rural development programs, especially those of the public agricultural sector, at the national, regional and local levels.
 - Analyzing the problems of municipal, provincial and state governments with regard to their ability to execute differentiated and decentralized rural development policies, and proposing models for participatory management.
 - Analyzing the organizational, administrative and management problems of small-farmer organizations, which limit modernization efforts and their participation in rural development.
 - Analyzing the problems of non-governmental organizations involved in rural development, and proposing institutional systems that will increase their contribution to rural development.
- ii. **Support for the creation of special rural development funds**

The execution of differentiated policies for rural development requires that financial resources be available for use in rural development programs and projects and by small farmers themselves, in order to overcome one of the major restrictions of conventional credit systems. Activities will be carried out to support financial and agricultural institutions in:

- Encouraging subregional integration agencies in LAC to undertake initiatives for establishing funds to finance programs and projects specifically targeting small farmers.
- Promoting the creation of national funds for providing support to the formulation and execution of rural development programs and projects, and developing methods that ensure the resources reach the campesinos.
- Instituting regional and national funds for rural development.

iii. Strengthening and promoting activities aimed at rural women

Governmental and non-governmental institutions will receive support in formulating rural development programs and projects which contained activities targeting rural women. Special attention will be given to:

- Updating institutional assessments of the role of women in agriculture and rural society, and of the effects on same of macroeconomic and sectoral policies.
- Supporting the formulation of differentiated policies for rural development, specifically in agriculture, that improve the participation of women.
- Cooperating in the identification, formulation and execution of programs and projects aimed at rural women, at the national, regional and local levels.

- Disseminating conceptual, methodological and teaching materials for use in activities aimed at women in rural development programs and projects.
- Contributing to introducing considerations of gender into agricultural policy, technology research, agroindustry, marketing and agricultural health.

iv. Training rural development technicians and instructors of small farmers

The main objective of providing training to technical personnel and instructors of small farmers is to upgrade the technical teams of national governmental and non-governmental institutions, and contribute, in this way, to achieving Program III objectives. Activities will cover:

- Preparing teaching materials for a conceptual and methodological nature, to promote the analysis of rural development experiences, and the identification, administration, evaluation and supervision of rural development projects.
- Offering courses and in-service training in matters related to differentiated policies, the role of women, rural development funds, rural development projects and investments at the small farm level.
- Promoting the horizontal exchange of experiences in the areas of competence of the Program, by making technical personnel and trainers available to the countries in the region.

- Developing and strengthening institutional mechanisms for training technical personnel and the instructors of small farmers.

4.5 Program IV: Marketing and Agroindustry

4.5.1 Purpose

A modern concept of the agricultural sector includes not only primary production, but also all production activities that are derived from and a consequence of agriculture's role in the national and international economy. This implies that agriculture, in addition to its natural role in the economy, also generates supplies and demands in other sectors.

It is within this concept of an agriculture-agro-industry complex that the development strategy to reactivate agriculture takes on more importance, since increased primary production has an effect on related industries, through strong intersectoral linkages.

The linkages existing in what has become known as "agribusiness" include production activities and services, and constitute the focal point of IICA's Marketing and Agroindustry Program.

Based on the criteria used to analyze the final destination of goods and services, the Program has identified two main areas for concentration. The first concerns production aimed mainly at external markets, especially the international trade of agricultural and agroindustrial commodities. It covers both intraregional trade among countries that have signed subregional integration agreements and treaties, and trade with

third countries. It also works to modernize domestic trade, and deals with the topic of food security. The second area of interest concerns the development of services and of agroindustrial activities.

In a world where international economic relations are undergoing profound changes, where a round of multilateral trade negotiations are currently under way -dealing with agricultural trade for the first time- and where most of the countries in LAC are redefining their position in world trade, the countries have made urgent requests for support in dealing with the issues related to external trade.

Likewise, there is a need to improve the competitiveness and value added of products from the agricultural-agroindustrial complex and upgrade the efficiency of its operations. This highlights the importance of domestic processing and marketing systems, the effectiveness and efficiency of which must be increased. In recent years, several LAC countries have successfully exported agroindustrial products, managing to meet those needs and satisfy new demands from consumers in developed countries, and tapping new opportunities for exports from the region.

In view of the above, the Marketing and Agroindustry Program will concentrate its technical cooperation in three main areas:

⁹ For example, exportation of table grapes from Chile, shrimp from Ecuador, flowers from Colombia, etc.

- a. International trade of agricultural and agroindustrial commodities and the role of regional and subregional integration mechanisms in same.
- b. Modernization of domestic marketing systems for agricultural commodities, both foodstuffs and raw materials, and matters related to food security.
- c. Promotion of agroindustry as the link between primary production and consumption.

Program IV's principal objective is to cooperate with the countries in solving specific problems related to these three areas.

4.5.2 Problems

The principal objective of the Marketing and Agroindustry Program is to provide technical cooperation and, in this way, to collaborate with relevant sectoral agencies in IICA's Member States in solving problems in the three areas of concentration.

- a. International trade of agricultural and agroindustrial products

Upgrading and improving access of agricultural and agroindustrial commodities to international markets will require greater cooperation among countries, sectors and institutions. It will also involve improving domestic capabilities for processing and trade. Therefore, it is important to:

- . Strengthen agricultural sector agencies' capabilities to engage effectively in

multilateral negotiations related to the trade of agricultural and agroindustrial commodities on international and subregional markets. This includes matters related to tariff policies and to the elimination of non-tariff barriers that reduce access to markets.

- . Promote non-traditional agricultural and agroindustrial exports, which involves diversifying products and markets and sharing information on market requirements to ensure effective and efficient access thereto.
- . Promote and improve national trade information systems to facilitate carrying out tasks related to multilateral negotiations and exports.

b. Modernization of domestic marketing systems and problems related to food security

Urban growth has given rise to numerous problems in the countries, one of which is the need to move large volumes of fresh and processed products from the countryside to the city. This calls for actions such as the following:

- . Organizing efficient systems for marketing and processing food for the domestic market and raw materials for industries entails providing technical support for the physical and institutional infrastructure required to modernize such systems, identifying effective ways to involve private enterprise and the State

in this process, and cooperating in designing policies related to this field.

- . Participating in the matter of food security involves providing technical cooperation for problems related to food supplies, nutrition and related economic considerations.
- . Upgrading information systems and the understanding of domestic market conditions and the operation of marketing channels will serve to make markets more transparent and effective.

c. Promotion and development of agroindustry

Agroindustry is an important means to increase the value of production in the field and to increase the supply of foodstuffs and raw materials produced by the sector. Moreover, it serves as a link with other sectors of the economy and provides linkages in the production-consumption chain.

Agroindustry also plays an important role in modernizing agricultural production and in the subsequent improvement of socioeconomic conditions in rural areas. To this end, Program IV seeks to:

- . Strengthen, improve the technical level of and encourage the development of new rural agroindustries, as a means to modernize and improve the living conditions of small-scale farmers.

- . Help streamline and modernize institutional structures and services linked to agroindustries.
- . Cooperate with the countries in their efforts to promote agroindustrial conversion, in response to structural adjustment programs and the participation of the economies in international markets.
- . Encourage cooperation among countries with regard to matters concerning management, finances, markets and technologies related to agroindustrial conversion and rural agroindustry. This requires effective information and exchange systems.

4.5.3 Areas of concentration and action plans

The Program will focus its cooperation in the following areas:

- a. International trade of agricultural and agroindustrial commodities.
- b. Modernization of domestic marketing systems, and food security problems.
- c. Promotion and development of agroindustry.

In order to solve the problems mentioned in each of these areas, the following technical cooperation instruments, among others, will be used: research and studies, training, technical-scientific brokerage, dissemination of information and direct and short-term technical assistance. These instruments will be used to collaborate with the member countries in:

- . Analyzing relations, complementary ties and solutions for problems related to the development of agroindustries and trade, at the national, regional and international levels.
- . Strengthening the organization and management of institutional, national and regional systems. It will be important to coordinate actions in response to the outcome of the Uruguay Round of GATT and other options resulting from other fora and negotiation mechanisms.
- . Promoting multilateral technical cooperation that facilitates technology transfer and integration among countries, and, in seeking to solve common problems, encourages maximum use of available human and financial resources. Also of importance are analyses regarding the elimination or reduction of tariff and non-tariff barriers that limit intraregional or international trade.
- . Promoting actions by the countries to reactivate agricultural development and rural well-being. Key actions to be taken in this regard are national and multinational training programs, the exchange of experiences and the use of information on external market opportunities and conditions. It is also important to promote the modernization, strengthening and promotion of rural agroindustry.
- . Fostering, in its field of competence, the formulation and execution of national and regional preinvestment and investment projects to mobilize local and external resources for development projects. Joint ventures are important, both between countries, and between

the State and private enterprise, when circumstances are favorable.

The above described technical cooperation efforts will take form in specific national, regional or hemispheric instruments (short-term actions, projects, etc.).

4.6 Program V: Agricultural Health

4.6.1 Purpose

The Agricultural Health Program is designed to help reactivate the agricultural sector by solving problems caused by the presence and impact of diseases and pests that limit marketing and reduce productivity.

Program V will gear its actions to meeting the real needs of the agricultural production sector, with a view to:

- Promoting agricultural exports, by supporting the countries in complying with the sanitary requirements of international trade,
- Increasing productivity, by assisting the countries reduce the impact of certain health problems having economic repercussions, and
- Preventing the introduction and establishment of exotic diseases and pests, by helping the countries strengthen their agricultural quarantine and emergency services.

4.6.2 Problems

Diseases and pests are an important factor limiting agricultural productivity, industry and marketing in the countries of Latin America and the Caribbean (LAC).

The reactivation of agricultural production in an effort to overcome the economic crisis involves the development of new livestock projects, the increased and better use of agricultural areas, and the cultivation of non-traditional crops in order to compete more successfully on the ever-changing international market.

This dynamic process has increased the risk of spreading diseases and pests through the exchange of genetic materials and the international transportation of products. At the same time, it has created greater awareness and know-how among the producers and agroexporters with regard to the importance of maximizing the control of sanitary problems, so as to increase production and protection and boost exports by complying with the sanitary and environmental requirements of international agricultural trade.

These requirements have become increasingly strict, and show signs of becoming even tighter, which reflects changes in the diets of consumers in developed countries and their demands for higher quality. The Uruguay Round of the GATT is currently discussing sanitary regulations and standards, and this will undoubtedly lead to requests for even more stringent control. It will, therefore, be necessary to improve the sanitary standards of agricultural production in LAC as a prerequisite for increasing exports.

The difficult economic situation faced by most of the countries has had a serious impact on government animal health and plant protection institutions. It has undermined their organizational and operating structures, and slowed down or halted many programs and actions working to diagnose, prevent, control and eradicate priority diseases and pests.

This calls for greater participation from the private production sector, industry and agroexport sector in solving the sanitary problems affecting their operations. Government animal health and plant protection services could then concentrate their efforts and resources on regulation and control, which are their exclusive domain.

Effective agricultural development requires access to up-to-date and timely information. In agricultural health matters, this is especially true. Although many international, regional, subregional and national agencies and groups, as well as universities and various other institutions, generate very important information on plant and animal health, no mechanism exists at the inter-American level that compiles, analyzes and processes this information for dissemination to interested sectors. Moreover, very few countries in Latin America and the Caribbean have the necessary infrastructure to gather, analyze, process and disseminate information on agricultural health.

In view of the above, Program V has identified the following as the most important problems:

a. Limited ability to provide health-related services for production, industry and agricultural trade

Limited operating resources and the growing number of qualified human resources leaving government animal health and plant protection institutions have significantly reduced the capacity of these institutions to diagnose, prevent, control and eradicate diseases and pests affecting production, as well as to provide support in complying with the sanitary and environmental protection requirements of agroindustry and international agricultural trade.

The private sector, agroindustrialists, and agroexporters must be encouraged to work more closely with the public sector in seeking solutions to priority problems affecting their operations.

b. Limited information on agricultural health

Although many institutions generate animal and plant health information, there is no mechanism at the inter-American level that can provide interested groups with up-to-date and timely information on the prevalence, incidence and distribution of diseases and pests, on sanitary legislation applicable to international trade, acceptable levels of pesticide residues and veterinary products, and the economic impact of diseases and pests on agricultural productivity. Nor do most LAC countries have the infrastructure needed to process this type of information.

Therefore, an exchange mechanism must be established which facilitates the exchange of this type of information among the countries of the Americas. Furthermore, support must be provided to the countries in establishing information units or strengthening those already in existence.

c. Risk of introducing exotic diseases and pests

As a result of rapid means of transportation and farmers' desires to use the latest technologies and best genetic materials to increase productivity on their farms, the risk of introducing exotic diseases and pests into the LAC countries has increased, a situation further aggravated by the limited operating capacity of international plant and animal health quarantine inspection services in many countries.

In order to maintain health conditions in the countries and keep them free of diseases and pests, international quarantine services must be strengthened, and emergency systems must be set up to enable them to respond rapidly to control any exotic disease or pest that may be introduced.

4.6.3 Areas of concentration and action plans

In order to help solve problems caused by diseases and pests affecting marketing and agricultural productivity, Program V will concentrate its activities in the following areas of action:

a. Compliance with sanitary requirements of international agricultural trade

While most of the LAC countries are very actively trying to increase agricultural exports, importing countries are establishing sanitary requirements on incoming commodities to avoid problems in their own territories. At times, however, exporters consider the scope or severity of the sanitary requirements of importing countries to be excessive, which gives rise to the need for dialogue among the interested parties, to harmonize procedures.

In view of above, the Agricultural Health Program, together with the Marketing and Agroindustry Program, will support the agroexporting sector of the countries by:

- i. Providing support for the harmonization of sanitary and environmental protection standards and procedures of the different countries participating in international agricultural trade.
- ii. Cooperating in upgrading residue analysis laboratories, to improve compliance with export requirements for agricultural commodities.
- iii. Promoting the use of the hemispheric and subregional fora of the Inter-American Commission on Animal Health (COINSA) and the Technical Advisory Committee for Plant Protection (CTC) to discuss sanitary and environmental

impact issues related to international agricultural trade.

b. Diagnosis, monitoring and management of agricultural diseases and pests

There is a wide range of diseases and pests that undercut agricultural productivity. From the point of view of how they are handled, these diseases and pests are usually divided into two groups: those that, due to their high risk of spreading, are subjected to control actions by government services, and those that, although not presenting the same risk, do produce considerable economic losses to farmers.

Although both groups of diseases are important, producers often do not have sufficient information and guidance to support and execute the actions needed to control these diseases.

In this respect, Program V, in coordination with and in support of government animal health and plant protection institutions, will encourage more active participation by producers and agroindustrialists to improve the effectiveness of actions to control diseases and pests. Activities will include:

- i. Supporting the development of animal health and plant protection laboratory networks, to provide a more effective and timely diagnosis of the principal diseases and pests.

- ii. Cooperating in developing national disease and pest surveillance systems.
- iii. Supporting the development of integrated management programs for agricultural diseases and pests, and thus, a better use of technological, human and financial resources.

c. Analysis and dissemination of information

Many international, regional, subregional and national institutions generate information related to animal health and plant protection.

With regard to this area of concentration, Program V will seek to obtain information being generated by different agencies, groups and institutions, and provide it to producers, agroindustrialists and agricultural exporters, along with pertinent analyses that may be of interest and useful to their operations. Information generated by the countries will also be disseminated. Among the actions to be undertaken are:

- i. The establishment of an inter-American exchange network to disseminate information on the prevalence, incidence and distribution of diseases and pests, on studies on the economic impact of diseases and pests, on sanitary legislation related to international agricultural trade, and on residue levels and restrictions on the use of pesticides and veterinary and biotechnological products.

- ii. Support to the countries to implement or strengthen national plant and animal health information units.

d. Strengthening quarantine and emergency systems

In view of the growing risk of introducing exotic diseases and pests into the countries, the Institute has an important role to play, together with other technical cooperation organizations that work in this field, by helping the countries strengthen their international animal health and plant protection inspection services and establish emergency sanitary services.

Within this area of concentration, the Agricultural Health Program will:

- i. Support the countries in ongoing evaluations of animal and plant health inspection systems in international airports, sea and river ports and at border crossings, and to cooperate with them in strengthening these systems.
- ii. Encourage and support the establishment of national plant and animal health emergency systems for immediate response to exotic diseases and pests.
- iii. Promote among the Inter-American Groups for Coordination in Animal Health and Plant Protection, and international and regional plant protection organizations, joint efforts to

support the countries in strengthening their quarantine systems.

4.7 Center for Programs and Investment Projects (CEPPI)

4.7.1 Purpose

The countries of Latin America and the Caribbean have responded in a number of new ways to the crisis besetting the region since the early 1980s. Some of these have had a great impact, and have directly affected the agricultural sector. They concern investment activities aimed at overall (structural) and sectoral (sectoral program) adjustments.

CEPPI was set up to collaborate with the member countries in preparing agricultural sector diagnoses and programs, and investment projects, with a view to supporting the modernization and reactivation of agriculture in IAC.

4.7.2 Problems

Although the countries are aware of the need for new adjustment measures, usually promoted by international funding centers and regional agencies, it is also true that the different sectors are limited in their capability to respond to these measures. There is also a certain lag in coordinating macroeconomic and financial policies in the countries, especially with those of the agricultural sector.

IICA has singled out two areas for specific action:

- a. The need to adapt structural adjustment loans and agricultural sector adjustment loans to national agricultural development strategies and policies.

Experience has shown that the main factor limiting structural adjustment loans and agricultural sector adjustment loans is that they are often based on studies and analyses that do not take into account the entire economic, social and political situation around which the governments prepare their economic development objectives, strategies and policies.

As a result, these loans can favor economic instruments and measures that do not totally coincide with national objectives and strategies for economic and social development, particularly as concerns the agricultural sector. Whenever policy guidelines and objectives do not coincide with the investment policies of the sector, this will produce weaknesses in the overall system.

In order to improve the effectiveness of the system, structural adjustment loans and agricultural sector adjustment loans must be designed to reflect the economic and social strategies and policies of the countries, especially those of the agricultural sector.

b. The need to plan and program strategic public investment and to orient private investment in the agricultural sector

The modernization and reactivation of agriculture in Latin America and the Caribbean calls for more active and efficient capital formation in both the public and private sectors.

In view of the crisis in the region, the concept of public investment has moved from investments in production to what is now known as "strategic public investments." In fact, one of the functions of public investments, for development in the rural sector, is to guide, promote and encourage private investment in agriculture in order to achieve the socioeconomic objectives of the governments. This should not be seen, however, as a replacement of private investments. To be efficient, public investments must be carefully planned and programmed to create a favorable environment for private sector participation in the national development strategy.

4.7.3 Areas of concentration and action plans

The aforementioned problems constitute serious obstacles for the modernization and reactivation of agriculture. In light of this situation, CEPPI will focus on sectoral issues and investment projects. For each of these, action will be undertaken in the following areas to provide support to the Member States in surmounting the problems.

a. Sectoral issues

The following activities will be developed in relation to the preparation of agricultural diagnoses and sectoral programs:

- i. Develop methods for preparing sectoral diagnoses and profiles with a view to helping IICA's Offices in the countries prepare these documents.
- ii. Support the Offices in the countries in preparing sectoral diagnoses and profiles, participating in the process and coordinating the technical cooperation of other IICA Units.
- iii. To coordinate and participate with other IICA units in the preparation of agricultural sector programs based on sectoral diagnoses and base studies, or on requests from the Member States and international financial organizations.
- iv. Organize and participate in training events for national technicians of the Member States, on topics related to the preparation of agricultural diagnoses and sectoral programs..

b. Investment projects

Technical cooperation to the countries throughout the different stages of the agricultural investment project, involving more specifically:

- i. Coordination and participation with other Units in identifying, preparing and evaluating agricultural investment projects at the request of the Member States and international funding agencies.
- ii. Development and adaptation of methods to improve the effectiveness and quality of IICA's technical cooperation to its Member States, related to agricultural investment projects and funding for agriculture.
- iii. Guidance, coordination and support for training activities related to the preparation, evaluation and administration of investment projects.

CHAPTER V
GUIDELINES FOR INSTITUTIONAL ORGANIZATION

5.1 Introduction

The management structure of IICA consists of the Office of the Director General, the Office of the Assistant Deputy Director General for Operations and the management, technical cooperation and technical support units, as well as CATIE, as an associate of IICA.

The nature and guidelines for action of each of the components of the structure are as follows:

5.2 Management structure

5.2.1 Office of the Director General

The Office of the Director General is the highest tier of the Institute's technical and administrative structure. It includes the offices of the Director General, the Deputy Director General, the advisors to the Director General and the Internal Audit.

5.2.2 The Office of the Assistant Deputy Director General for Operations

The Office of the Assistant Deputy Director General for Operations is the unit responsible for directing and supervising the activities of the Directorates of Area Operations, and, through them, the actions of the Offices in the countries, except in the United States and Canada.

The Directorates of Area Operations (Central, Caribbean, Andean and Southern) are the principal means of supervising and following up on operations. Their task is to:

- a. encourage coordination of the actions carried out in a given region, and
- b. supervise IICA's Offices in the countries, establishing a direct link between the Offices and Headquarters, and in this way contributing to improving the effectiveness and responsiveness of IICA's operations and management.

In accordance with the objectives of this Plan, and given the growing emphasis on regional integration, the actions of the Directors of Area Operations will focus on:

- supervising the efficient operation of the IICA Offices in the countries;
- conducting and coordinating the Supervision and Follow Up System;
- fostering, through the development of regional strategies, horizontal cooperation among the countries in the area as a means of boosting complementary actions and making better use of the countries' human and financial resources;
- coordinating technical cooperation operations of the multinational projects with those of national projects, at the subregional level;
- promoting the development of multinational technical cooperation projects, especially those that can be funded by other institutions, by identifying problems of regional

scope; and supporting the design and implementation of these projects with the collaboration of the Program Directors and Representatives involved in them;

- taking advantage of IICA's capacity to provide technical and scientific brokerage services to encourage shared actions among the countries, especially in areas of priority to IICA, and encouraging the participation of regional organizations specializing in these topics; and
- providing, together with CEPPI, the support needed by the Offices in the countries for the preparation of agricultural sector diagnostic studies, profiles and programs and investment projects.
- fostering closer relations with other regional and subregional integration, technical and financial cooperation institutions.

5.2.3 Management support units

The Management Support Units are the Directorates of External Relations, Human Resources, Programming and Evaluation, Finances and for the Coordination of Institutional Affairs.

The Directorate of External Relations (DIREX) is responsible for IICA's relations with other international institutions and organizations and observer and donor countries. It promotes, supports and coordinates the securing of external financial resources, and publicizes the work of the Institute.

The Directorate of Human Resources is the unit charged with advising the Director General on matters related to personnel policy. It is responsible for designing and applying measures that will produce a unified staff, committed to the objectives and goals of the Institute.

The Directorate of Programming and Evaluation (DIPROE) implements and coordinates the system for the programming and evaluation of technical cooperation. Through this mechanism, strategies for action are defined; new technical cooperation projects and initiatives are identified, prepared and approved; and budgetary resources are allocated in accordance with the objectives and priorities of the MTP. It also provides mid-level management with feedback by evaluating the results of the Institute's technical cooperation.

The Directorate of Finances is the unit responsible for overseeing the use of the financial resources of the Institute and for operating the accounting system.

The Directorate for the Coordination of Institutional Affairs (DICAI) serves as the Technical Secretariat of the Inter-American Board of Agriculture, keeps official documents up-to-date, assists other units in the organization and management of meetings, and provides translation and interpretation services in the four official languages of the Institute.

5.2.4 Technical cooperation units

5.2.4.1 Introduction

The Program Directorates, CEPPI and the Offices in the countries are the operating units through which IICA provides technical cooperation services to its member countries.

The role these units play is based on two key concepts:

- The need to ensure IICA's technical excellence and to concentrate its resources on specific subject areas for which the Institute has comparative advantages, which have been defined as being of high priority by the countries, and for which an institutional structure exists with which IICA can collaborate.
- The need for a decentralized organizational and management structure which is sufficiently flexible and dynamic for operating in the field, in response to the changing needs and requirements of the countries.

If flexibility and effectiveness are to be achieved, priority areas must be defined for technical cooperation actions, and decision making related to the allocation of resources for project implementation must be decentralized.

5.2.4.2 Program Directorates

The Program Directorates are the principal technical units of the Institute. They are responsible for developing concepts and working methods in their particular areas of concentration. They seek and obtain external resources in support of specific projects; establish mechanisms for capitalizing on experiences gained from the actions carried out within the framework of their Programs; provide direct technical cooperation in their areas of competence, and work to upgrade the technical skills and know-how of their specialists.

Periodically, each Program Directorate will prepare a document containing "guidelines for cooperation," in which areas of concentration and guidelines for selecting and preparing projects connected with the Program are described.

The Program Directorates are responsible for taking the initiative and exercising technical and executive control over resources to be used for the following purposes:

- cooperating with the countries in the identification and analysis of problems through diagnostic studies and assistance in setting priorities and implementing solutions;
- helping strengthen public and private institutional systems which support the agricultural sector; and

- identifying, designing and implementing multinational technical cooperation in the pertinent subject area.

Additionally, in coordination with national governments and the IICA Offices in the countries, Program Directorates provide advisory assistance and support in organizing and providing technical supervision of national projects in their specific subject areas.

The Program Directorates answer directly to the Office of the Director General, and consist of the Program Director and support personnel, at Headquarters, and specialists stationed in the regions, the number and location of whom will vary according to the scope and requirements of the projects in each region.

The regional specialists direct multinational projects and cooperate with the Program Director and the Director of Area Operations in the identification, formulation, follow-up and evaluation of the technical aspects of the projects being carried out by the Program in the region.

- Each Program will have an advisory council comprised of high-level external experts who provide input for the Directorate.

5.2.4.3 The Center for Programs and Investment Projects (CEPPI)

CEPPI, like the Programs, is a technical unit, and its responsibilities are to: a) develop

concepts and working methods related to agricultural sector adjustment diagnoses and programs, b) coordinate joint actions with the different funding agencies operating in the region, c) establish mechanisms for capitalizing on experiences gained through the actions carried out in its subject area, d) provide direct technical assistance in connection with sectoral diagnoses and programs and investment projects, and e) provide training to national and IICA technical personnel in the area of its competence.

The Center will publish the documents needed to orient its actions. They will clearly identify the areas of concentration and the specific activities selected in its area of competence.

CEPPI is responsible for taking the initiative and exercising technical and executive control over resources to be used for the following operational purposes:

- Supporting the Offices in the countries in identifying and analyzing problems related to agriculture, through the preparation of sectoral diagnoses.
- Cooperating with the Member States in the preparation of agricultural sector programs and investment projects.
- Coordinating activities with international development banks, in support of the countries in the region.

In addition, and in coordination with the Office of the Assistant Deputy Director General for Operations and the Offices in the countries, it provides advisory services and support in the organization and technical supervision of diagnoses and national projects related to its specific area of interest.

5.2.4.4 IICA Offices in the countries

The IICA Offices in the countries are the units through which the Institute maintains permanent relations with government authorities. They provide the institutional and administrative foundation for implementing IICA's technical cooperation activities in the country.

To do so, the Offices will identify and interpret the countries' needs as relates to IICA's sphere of competence, and propose actions to meet those needs. With support from pertinent units at Headquarters, the Offices will conduct diagnostic studies of problems affecting agricultural development and rural well-being, in close contact with national authorities. These diagnoses will make it possible to identify priority areas of action for the countries, in which IICA is qualified to assist. They will also serve as input for defining the "IICA Action Strategy at the Country Level."

Within this framework, the IICA Offices are responsible for taking the initiative in the following areas:

- Identifying, preparing and implementing technical cooperation projects related to the areas of concentration of the Programs.
- Participating in the preparation of multinational projects and in the implementation of the corresponding national component.
- Reaching agreement with the Programs as to administrative and logistic support needed for projects and other cooperation activities agreed upon with national authorities.
- Providing technical assistance to the countries in response to unanticipated problems.
- Administering resources for the implementation of national projects.

The Offices will focus on developing capabilities related to project identification, administration and implementation. They will ensure that IICA's technical resources and services are incorporated appropriately into the projects, and mobilize resources available in the base country or other countries of the region, through technical and scientific brokerage services. At the request of the countries, the Offices may provide administrative support for project implementation.

The IICA Representatives in the countries have technical and administrative authority over personnel assigned to their Offices. The Program specialists attached to multinational projects being carried out in the country come

under the respective Program Directorate for technical purposes, and for administrative purposes, under the Representative in the host country, from whom they receive needed support services.

5.2.5 Technical support units

The functions of the technical support units include developing special capabilities and providing specific services to reinforce and supplement the work of the Program and Area Directorates and the Offices in the countries.

5.2.5.1 Inter-American Agricultural Documentation and Information Center (CIDIA)

This unit is responsible for supporting Institute activities related to communications. Its principal objective is to publicize the activities of IICA, in general, and of the PLANLAC, in particular. To reach this objective, CIDIA will carry out the following activities:

- Planning and developing communications strategies
- Training in the use of the media
- Preparing spoken and audiovisual messages
- Identifying, preparing and implementing documentary information projects
- Supporting the development and efficient use of documentary data bases

- Developing uniform standards for the organization, handling and dissemination of documentary information
- Providing information services through information reference centers, and bibliographic and documentary collections.
- Editing and publishing articles and books in the different series produced by the Institute.

5.2.5.2 Informatics Services Unit

Technological advances in electronic data processing have led to a redefinition of the role of this unit within the Institute. The Informatics Services Unit will provide the Institute with technical support in developing and supporting the application of computational algorithms and other processing programs. Its efforts will focus on:

- Incorporating computer technology and seeing that it is used efficiently in developing systems to improve IICA's project information processes. This will involve:
 - . analyzing available agricultural, technical-scientific and statistical information systems, with a view to strengthening the decision-making process, developing options for solutions and advising the units on the purchase of equipment and the installation of local networks; and

- . adapting, applying and keeping records of useful procedures and software packages.

5.3 Operational systems

5.3.1 Programming and evaluation

This consists of the set of mechanisms used to allocate budgetary resources, identify, formulate and approve cooperation activities for the Member States in accordance with the objectives of the Medium Term Plan, and provide feedback to senior management through evaluations of actions undertaken.

The programming and evaluation system facilitates the performance of the following functions:

- a. **Diagnosis.** Diagnoses enable the Institute to keep up-to-date on the development and status of pertinent problems, and on the potential for rural and agricultural development at the country, subregional and hemispheric levels. They also provide the basis for establishing, with national authorities, priority areas for Institute cooperation.

The output of such diagnoses is an analysis of the current situation in and outlook for agriculture in the hemisphere, by area, groups of countries or individual countries.

- b. **Prospective planning.** The objective is to define Institute strategy for the medium and long term. It involves analyzing the patterns and development of types of technical cooperation, with a view to proposing adjustments in the models, strategies and operations of functions the Institute uses to carry out its activities. It includes the preparation of medium-term plans and documents which lay down the general policies of the Institute, the guidelines for Institute policy on the Programs, and the strategies for action at the area and country levels.

- c. **Short-term planning.** The objective is to make operational decisions to implement, in the short term, strategic decisions, for achieving expected results within a given time frame. The instruments used are the biennial program budget, the annual plan of operation, and the additional or complementary budgets that make programming flexible.

- d. **Evaluation of technical cooperation.** The Institute, with the assistance of external evaluators, conducts analyses of the cooperation it offers through its Offices in the countries, Programs and technical cooperation projects in order to obtain information on their results. Analysis of the results enables the Institute to make decisions regarding the focus and implementation of actions, with the aim

of improving the effectiveness of the services it provides the Member States.

For the system to operate effectively, the different levels of the management structure and the technical cooperation units must participate fully and in a timely and coordinated manner in the design, identification, approval and evaluation of the activities the Institute has undertaken through agreements with the Member States.

In recognition of the fact that decision making involves the Institute as a whole, that resources are limited and that different disciplines are involved, the system provides for analysis and discussion throughout the process and procedures for reaching agreement among the participating units.

This system consists of a series of structured processes coordinated by the Directorate of Programming and Evaluation. It involves all Institute units, and aims to ensure that objectives are uniform, that the efforts of the different units point in the same direction and that the staff is willing and committed to implementing the decisions made and the actions needed to comply with them.

5.3.2 Supervision and follow-up

This system is based on efficient communication within the Institute, through established channels that permit a free flow of information. This facilitates the development of activities within each operating and support

unit, and among them, and provides Institute authorities with the information they need. The system includes instruments and procedures to provide information for decision making, which, in turn, improves the effectiveness of the technical cooperation and administrative support the Institute provides, while at the same time creating a record of the Institute's activities.

Because of IICA's institutional nature, there are three types of supervision, which support one another: direct, functional and technical.

Direct supervision is exercised through the hierarchical structure of the Institute, is comprehensive in nature and is delegated from one official to another throughout the successive levels of authority.

Functional supervision is exercised by the directors of the management support units, through the Representatives in the countries. This is a very specialized type of supervision, and should be seen as support to direct supervision in specific aspects of IICA's activity. The directors of these units are responsible for directing and providing advice on Institute activities connected with their areas of responsibility. The directors who exercise functional supervision answer to the Director General for the quality of the guidance they provide.

Technical supervision is the responsibility of the Program Directors and CEPPI in their

particular areas of competence. The Program Directors exercise technical supervision over the multinational projects assigned to their Program, and the projects of their Program Directorate. The objective of technical supervision is to improve the quality and effectiveness of technical cooperation and to promote the development of new concepts and methods, which, in turn, strengthens IICA's technical leadership in the area of concentration of each Program.

Follow-up is complementary to the different types of supervision, is carried out at the same levels and is inseparable from same. This means that all officials charged with supervision also provide follow-up of those they supervise.

The principal product of the system is the decisions that are made to solve problems that come up during the execution of technical cooperation and administrative support actions, or to anticipate solutions to problems that may affect the quality of activities agreed upon. Furthermore, the system also provides inputs for compiling the institutional record.

5.4 Tropical Agriculture Research and Training Center (CATIE)

CATIE is a research and training center of the inter-American system, associated with IICA, that operates independently as required by its mandate. CATIE and IICA maintain institutional and technical relations to facilitate mutual cooperation and support, so they in

turn may provide the Member States with better service, each within its own area of responsibility. Its general objectives are to study problems associated with tropical agriculture, conduct scientific research, provide specialized and graduate-level education, and offer training and advisory services.

In these areas, CATIE supports IICA's Programs, serving as a valuable complement to the Institute's capacity for service.

CATIE's scientific research serves primarily the countries of the Central American isthmus and the Dominican Republic, but its graduate school is open to all of IICA's Member States.

CATIE and IICA strive to work together in all countries where both are active, by sharing facilities, exchanging information and developing cooperative projects.

CHAPTER VI

**BUDGET REQUIREMENTS AND FUNDING STRATEGY
FOR 1987-1993**

6.1 Introduction

Execution of the 1987-1991 Medium Term Plan, the term of which is being extended to 1993, will require that sufficient financial resources be obtained to achieve the objectives of the programs and projects carried out by the Institute in providing technical cooperation and services to its Member States.

This section defines the actions the Institute should undertake during 1992 and 1993, and the volume and overall distribution of resources required for this purpose.

Amounts were determined after analyzing resource needs in light of program and project priorities, and what it will take to comply with the mandates of the governing bodies of the Institute, especially as indicated in Resolution IICA/JIA/Res.122 of the Fourth Regular Meeting of the IABA. That resolution entrusted IICA with developing a strategic plan of joint action in support of agricultural reactivation and economic development in Latin America and the Caribbean. Resolution IICA/JIA/Res.154 of the Fifth Regular Meeting of the IABA endorsed the Plan.

The funding requirements and distribution proposed herein emphasizes upgrading the capacity of the Institute to provide direct technical cooperation services, and it is based primarily on securing a steady increase in external funds and maintaining the purchasing power of the Member States' contributions.

6.2 Pattern of resource availability

6.2.1 Quotas

Quota fund availability for the 1987-1991 period followed the general guidelines established in the current Medium Term Plan, with minor variations. This can be seen in Table 1, which compares quota resources with the figures in the Institute's approved Program Budgets.¹⁰

¹⁰ The differences between the Medium Term Plan figures and those contained in the Program Budget are due to the fact that Antigua and Barbuda, and Saint Vincent and the Grenadines became IICA Member States in 1988. (Resolution IICA/JIA/Res.126(IV-0/87) of the Fourth Regular Meeting of the IABA, held in Ottawa, Canada in 1987.)

Table 1
PATTERN OF QUOTA RESOURCES 1986-1991
 (US\$ x 000)

	1986	1987	1988	1989	1990	1991
Current MTP	20,289.1	20,289.1	21,303.6	22,386.7	23,039.8	23,731.0
Approved Program Budgets						
86 - 87	20,289.1	20,289.1	--	--	--	--
88 - 89	--	--	21,314.2	22,379.9	--	--
90 - 91	--	--	--	--	23,051.3	23,742.8

Quota resources have grown at an average 3.4% per annum, which is lower than the loss of the purchasing power of the U.S. dollar, the Institute's operating currency. For the period 1987-1989, the average was 4.1% annually¹¹, measured by the consumer price index.

6.2.2 External resources

External resources available to the Institute have grown considerably, both in absolute and in relative terms. The value of agreements in effect and under negotiation for 1991 is some US\$33 million, which surpasses by US\$3 million the goal established in the current Medium Plan for that year. (Table 2)

This resulted from: i) broad dissemination of the Institute's image as an organization in service to the countries, by publicizing its policies, plans of action and results of the evaluation of its programs and projects; ii) proven efficiency and flexibility in managing external funds, and its professional and technical reliability in connection with its contractual commitments; iii) upgrading the capacity of the Offices in the countries to take the initiative and decentralize decision making, while Headquarters continues to provide appropriate guidance on policy and strategy; iv) joining efforts with bilateral and multilateral technical cooperation and funding agencies in drawing

¹¹ Source: 1989 International Financial Statistics Yearbook, International Monetary Fund.

up and executing priority projects for the Member States; and v) establishing policy to improve communications with and complement the actions of other technical cooperation organizations, in order to avoid duplication of efforts and make efficient use of the resources available for topics of high priority.

Table 2
PATTERN OF EXTERNAL RESOURCES 1987-1991
(US\$ x 000)

	1986	1987	1989	1991
Current MTP	17,127.6	16,156.0	---	30,000.0
Program Budget				
86 - 87	16,361.6	16,813.2	---	---
88 - 89	---	---	22,687.6	---
90 - 91	---	---	---	33,012.3

6.3 Criteria for determining budget requirements for 1992-1993

The following criteria were used to establish funding needs for implementing the Medium Term Plan during the 1992-1993 biennium.

a. Implementation of the PLANLAC

This specifically concerns compliance with Resolution IICA/JIA/Res.154(V-0/89) of the Fifth Regular Meeting of the IABA, which approved the PLANLAC and ordered the implementation of its hemispheric and region-wide programs and projects. IICA is responsible for coordinating and supervising execution of the Plan, and for assisting the Member States in implementing it.

This resolution also calls on observer countries and other developed countries, as well as international technical cooperation and funding organizations, to provide resources for executing approved PLANLAC projects.

It was recommended that Member States allocate more public and private funds to the agricultural sector, and that they attach priority to providing counterpart funds for these programs and projects.

The Director General of IICA was also entrusted with actively seeking external voluntary and non-quota funding, and, more specifically, in holding general and subregional meetings with donors.

To comply with this resolution, regular Institute funds will have to be allocated to cover the expenses of technical personnel and operating costs related to:

- . Coordinating the execution, supervision and evaluation of the PLANLAC.
- . Supporting the governments and the subregional integration organizations (CARICOM, CORECA, JUNTA and CONASUR¹²) in their negotiations for project funding with financial organizations and donor governments.
- . Completing multinational projects that have been approved and negotiating funding for them.
- . Beginning implementation of priority projects.
- . Publicizing the PLANLAC in the countries and internationally.

b. Increases in the real cost of operating the Institute

Real increases have occurred in the price of services used by the Institute, especially as concerns international transportation and communications. In addition, the demand for technical and administrative services has grown as the

¹² This last one currently being established.

Institute has taken on responsibility for managing more projects.

The increase in costs in US dollars, given changes in the United States Consumer Price Index, and exchange rate policies in most of the Latin American and Caribbean countries, signifies an erosion of IICA's operating capacity. Member State quotas must be raised in order to maintain the real value of their contributions. It is estimated, on the basis of the trends in the consumer price index in the United States during the 1987-1989 period¹³, that this nominal increase should be 4% per annum for both 1992 and 1993.

This will make it possible to execute the zero real growth policy, maintain the level of Institute operations, and advance effectively toward achieving PLANLAC goals.

c. The need to retain highly qualified personnel

In order to bring in new international professional personnel to meet the needs arising from Institute priorities, and in view of the situation of the labor market in the hemisphere with respect to skilled professionals, the Institute must have a salary policy that enables it to recruit and retain technical personnel having the required qualifications and experience.

¹³ Source: 1989 International Financial Statistics Yearbook, International Monetary Fund.

In the case of IICA employees from the Local Professional and General Services Personnel categories, salary increases have come about as a result of: a) mandatory increases decreed by the governments, and b) application of a salary policy which takes into consideration:

- partial compensation for loss in purchasing power of salaries paid in local currency and hurt by inflation, and
- the decision to retain the services of more highly qualified personnel, through periodic studies of the salary market in each country.

6.4 Estimate of quota resource needs

6.4.1 Requirements

On the basis of the aforementioned considerations, it is estimated that quota resources needed to maintain the current operating level of the Institute and for complying with the mandates of IICA's governing bodies will have to grow by 4% each year of the biennium. This calls for a total of US\$24,692,500 for 1992 and US\$25,680,200 for 1993.

These funds will be assigned first and foremost to strengthening projects and actions that have been designated as high priority by the Member States, all of which will come under the PLANLAC.

In order to achieve maximum efficiency of IICA's technical work, it will be necessary to maintain

the operating capacity of the Institute's management support units, so as to ensure appropriate fund allocation and the coordination of the complex operations of an organization having 32 Offices in its Member States.

6.4.2 Distribution of quota resources by category of activity

Quota funds will be used to fund priority projects of the Offices in the countries, and will serve as "seed capital" for PLANLAC projects. It is estimated that 80.2% of quota resources will be used for these purposes in 1993. (Table 3)

To the total indicated in Table 3, another 6.5% has been added to the Programs in 1992 and 7% in 1993 from funds earmarked for developing activities in new subject areas of interest in the PLANLAC. These are: i) sustainability and equitable development, ii) strategic public investment and orientation of private investment, iii) modernization of the State apparatus, iv) intersectoral relations in the reactivation of agriculture, v) public sector-private sector relations, vi) differentiated policies and decentralized rural development, and vii) sectoral adjustment programs and their ties with the international financial system.

As indicated in Table 4, in addition to having consolidated the strategy of concentrating efforts in five priority Programs, the allocation of funds among Programs is more balanced, and differences that still exist reflect priorities expressed by the Member States.

6.4.3 Distribution of quota resources by major object of expenditure

In accordance with the guidelines set down by the governing bodies of the Institute, no increases are envisaged in the number of international professional personnel and, consequently, in major object of expenditure 1 for the 1992-1993 period, except as needed for covering higher prices of health, disability and life insurance; raises resulting from performance evaluations; and changes in post adjustments, as established by the International Civil Service Commission.

The percentage share of the costs of regular international professional personnel will fall in relative terms from 31.6% in 1986 to 16.0% in 1993. This reflects the policy of not including new personnel in that category, and of hiring technical staff on temporary contracts or as consultants for specific projects and activities. (Table 5)

Table 3
 DISTRIBUTION OF QUOTA RESOURCES BY CATEGORY OF ACTIVITY
 (In percentages)

CATEGORY OF ACTIVITY	1986 ¹⁴	1991 ¹⁵	1992	1993
A. Direct Technical Cooperation Services	78.9	79.8	80.0	80.2
1. Programs	55.6	46.8	47.1	47.5
a. Multinational Projects	17.6	29.3	31.1	32.5
b. Country-level Projects	38.0	17.5	16.0	15.0
2. Operating Structure of the Offices in the Countries	11.0	20.8	20.8	20.8
3. Technical Support Units	6.4	4.3	4.2	4.0
4. Short-term Technical Cooperation and Preinvestment	1.0	1.7	1.7	1.7
5. Support to Research Centers	4.9	6.2	6.2	6.2
a. CATIE	4.9	4.9	4.9	4.9
b. CARDI	---	1.3	1.3	1.3
B. Management Costs	18.5	16.4	16.2	16.0
C. General Costs and Provisions	2.6	3.8	3.8	3.8
TOTAL	100.0	100.0	100.0	100.0

¹⁴ 1986-1987 Program Budget

¹⁵ 1990-1991 Program Budget

Table 4
 DISTRIBUTION OF QUOTA RESOURCES BY PROGRAM
 (In percentages)

PROGRAM	1986 ¹⁶	1991 ¹⁷	1992	1993
I. Agricultural Policy analysis and Planning	18.3	19.3	19.4	20.0
II. Technology Generation and Transfer	44.0	26.4	26.0	25.0
III. Organization and Management for Rural Development	14.2	22.7	22.8	23.0
IV. Marketing and Agro-industry	7.9	13.8	13.9	14.0
V. Agricultural Health	15.6	17.8	17.9	18.0
TOTAL	100.0	100.0	100.0	100.0

¹⁶ 1986-1987 Program Budget

¹⁷ 1990-1991 Program Budget

Table 5
 DISTRIBUTION OF QUOTA RESOURCES, BY MAJOR OBJECT OF EXPENDITURE
 (In percentages)

OBJECT OF EXPENDITURE/DESIGNATION	1986 ¹⁸	1991 ¹⁹	1992	1993
1 International Professional Personnel	50.0	43.6	43.0	42.0
a. Regular	31.6	16.9	16.7	16.0
b. Temporary	18.4	26.7	26.3	26.0
2 Local Professional and General Services Personnel	14.7	20.1	20.5	21.0
3-9 Operations/General Services	27.7	26.3	26.5	27.0
Others ²⁰	7.6	10.0	10.0	10.0
TOTAL	100.0	100.0	100.0	100.0
¹⁸ 1986-1987 Program Budget	²⁰ Contributions to CATIE, CARDI and General Costs and Provisions (meetings of the Executive Committee, the IABA, the Inter-American Conference of Ministers of Agriculture, pensions of former Directors General of IICA, insurance on assets, etc.).			
¹⁹ 1990-1991 Program Budget				

The percentage of quota resources allocated to cover local professional personnel (major object of expenditure 2) will have risen to 21% in 1993 from 14.7% in 1986. This results from the policy of hiring a greater number of more highly-qualified local professionals at competitive salaries.

6.5 External resources

IICA's efforts to attract external funds enabled it to move from the US\$17.1 goal established for 1986 in the MTP to US\$27.7 million actually obtained in 1989, which represents a 62.0% increase.

For 1991, 1992 and 1993, it is expected that agreements in effect and under negotiation will account for US\$33.0 million, US\$34.7 million and US\$36.4 million, respectively. This will translate into an increase in the amounts available to the Institute for Indirect Administrative and Technical Costs (CATIs), and complies with Resolution IICA/JIA/Res.70 of the Third Regular Meeting of the IABA (1985), which calls for the recovery of costs incurred in managing external funds.

6.6 Summary of resource needs

Taking into account the Institute's various sources of funding, overall resources should grow from US\$38.6 million in 1986 to US\$60.5 million in 1991, US\$63.3 million in 1992 and US\$66.2 million in 1993. (Table 6)

It is important to note how the significance of quota funds in financing Institute activities falls as the Institute secures greater amounts of external resources. In 1986, quota funds represented 52.5% of IICA's overall budget; in 1993 they will represent 38.8%.

Growth, therefore, reflects both anticipated and achieved increases in external funds, the securing of which has required considerable effort on the part of the Institute and has responded directly to the guidelines laid down by the governing bodies of the Institute.

6.7 Funding strategy for the 1992-1993 biennium

The strategy to be followed will seek to strike a balance between increasing quota funds in order to maintain the basic operating capacity of the Institute, and increasing external funds, with a view to undertaking and developing new actions of direct technical support, training, reciprocal cooperation and dissemination of information.

The securing of external funds will essentially take place through the process to publicize and implement the PLANLAC, and through the Offices' own efforts to maintain and expand their support of the Member States in executing projects and short-term actions, and in managing funds.

The following will have an important role to play in achieving the external funding goals described above: a) the strategy for publicizing the PLANLAC, b) the direct action of the Offices in the countries to provide technical and administrative support in the preparation and execution of programs and projects funded by the governments and by multilateral and bilateral organizations, and c) the Institute's support to the countries' efforts to draw up and execute sectoral programs and to program the corresponding investments.

Table 6
SUMMARY OF OVERALL RESOURCES, BY FUNDING SOURCE
 (US\$ x 000)

FUNDING SOURCE	1986 ²¹		1991 ²²		1992		1993	
	US\$	%	US\$	%	US\$	%	US\$	%
A. Regular Resources	22,276.2	57.7	27,526.6	45.5	28,628.0	45.2	29,775.0	45.0
1. Quota Resources	20,289.1	52.5	23,742.8	39.2	24,692.5	39.0	25,680.2	38.8
2. CATIs	1,487.1	3.9	3,033.8	5.0	3,185.5	5.0	3,344.8	5.1
3. Other Resources	500.0	1.3	750.0	1.3	750.0	1.2	750.0	1.1
B. External Resources	16,361.6	42.3	33,012.3	54.5	34,662.9	54.8	36,396.1	55.0
TOTAL	38,637.8	100.0	60,538.9	100.0	63,290.9	100.0	66,171.1	100.0

²¹ 1986-1987 Program Budget

²² 1990-1991 Program Budget

Emphasis will also be placed on maintaining and building up the technical and professional image of the Institute in its areas of technical specialization. This will involve direct relations with national authorities, dissemination of the results of technical cooperation and of the evaluations conducted by external consultants of the work of the Offices in the countries, the Programs and specific projects.

Furthermore, IICA will work to strengthen its image as a dynamic and efficient organization that has the capacity to manage and provide technical and administrative support to Member State governments in drawing up and carrying out externally funded projects and programs.

In its relations with international funding organizations, IICA will seek to secure funds for multinational projects, develop mechanisms of reciprocal support, and upgrade subregional integration forums responsible for policy making on agricultural and rural development (CORECA, meeting of ministers of the English-speaking Caribbean, Agricultural Council and meetings of the ministers of agriculture of the Andean group, and ministers of agriculture of the countries of the Southern Cone - CONASUR).

IICA will work with government agencies in the countries to expand on successful efforts already under way, improve relations with agencies of the agricultural sector and with others involved with rural development (ministries of foreign affairs, finance or the economy, social welfare, etc.).

For these efforts to be successful, it is crucial that IICA receive support from the governments of

its Member States through their foreign service offices and their representatives to international agencies and forums, where they can call the attention of donor agencies and international funding organizations to the role agricultural development can play in economic reactivation, and to the role of the PLANLAC in reaching this objective. They can also help get the support necessary for negotiating contracts and agreements that will enable IICA to extend the technical and administrative cooperation it provides to its Member States.

Finally, the possibility of using the mechanism of debt conversion will be analyzed where the countries consider it to be a useful and effective means for expanding the technical cooperation they receive from the Institute.

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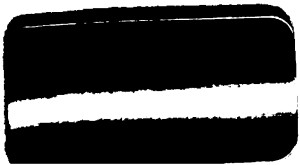
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Dirección para la Coordinación de Asuntos Institucionales
Sede Central del IICA
Apartado 55 – 2200 Coronado, Costa Rica

This document was edited and published by the Office Directorate for Coordination of Institutional Affairs of the Inter-American Institute for Cooperation on Agriculture, and printed by IICA's Print Shop, in December 1990, with a press run of 700 copies.



INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE
P.O.Box 55-2200 Coronado, Costa Rica/Tel: 29-02-22/Cable: IICASANJOSE/Telex: 2144 IICA CR
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