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***Proposal for strengthening IICA's role as an executing
agency for agricultural and rural development projects
and programs within the framework of the
new IDB policy***

La Antigua Guatemala, Guatemala

I. INTRODUCTION

1. The IDB recently announced a new institutional policy known as “Opportunities for the Majority,” whose core objective is to promote innovative options aimed at ensuring that the benefits of economic growth actually reach the majority of the population. The proposal calls for further sustained efforts to link the public and private sectors, with a major role reserved for civil society. It also calls for reference parameters to be established and goals set for the period 2007-2011.
2. The Bank intends to use this policy to promote initiatives capable of creating economic opportunities and better access to goods and services for the majority, generating inclusive growth and measurable results. It will encourage initiatives designed to achieve financial democracy, broad-based business development, improved access to basic services, the identity of citizens, access to information technology and communications for the majority, and increased access to housing.
3. IICA applauds and endorses the Bank’s proposals aimed at providing opportunities for the majority, since, as a specialized agency of the Inter-American System, it is mandated to encourage, promote and support the efforts of its Member States to achieve agricultural development and the wellbeing of rural dwellers.

II. OBJECTIVES OF AN IICA/IDB PARTNERSHIP

4. IICA, through a wide range of types of technical cooperation, such as direct technical assistance, horizontal cooperation, training and knowledge management, could support the actions of the IDB aimed at implementing its “Opportunities for the Majority” program in rural areas. The objectives of a new IICA/IDB strategic partnership would be as follows:
 - i. General Objective: To assist the IDB in implementing, executing and providing follow-up to its “Opportunities for the Majority” program, in rural areas.
 - ii. Specific Objectives:
 - a. Promote micro, small and medium-sized rural businesses (operations run by individuals, families or organized groups of producers) by promoting, strengthening and increasing the coverage of successful IICA programs and projects, as well as those identified and supported by the IDB, and by implementing innovative initiatives with development potential identified during the execution of the BOMI.

- b. Collaborate with the IDB in identifying, designing, executing and evaluating technical cooperation and investment programs and projects in rural areas, including the official programming and mapping of programs and projects of the IDB, or others that may arise out of initiatives promoted by IICA and the Member States that the IDB accepts.
- c. Conduct technical studies and design mechanisms and instruments for rural development with a territorial approach at the hemispheric, regional and national levels, defined and agreed upon by IICA, the IDB and the Member States, that will make a strategic and operational contribution to rural poverty alleviation.
- d. Create, promote and implement a Fund for Young Rural Entrepreneurs, designed to support and share the risks of rural business initiatives identified and promoted by individual or organized rural youths.

III. A PARTNERSHIP TO CREATE OPPORTUNITIES FOR THE RURAL MAJORITY

- 5. **IICA can assist the IDB in implementing its policy, especially the part aimed at providing opportunities for the rural majority.** With over six decades of experience supporting the rural communities of the Americas, the Institute has enormous experience and competitive advantages that would add value to a partnership with the Bank. It has in-depth knowledge of agriculture, rural territories and the social fabric of the communities, their cultural and ecological diversity, that equip it to promote and apply creative solutions to a broad range of problems and challenges in the rural milieu.
- 6. **IICA's institutional presence** in each of its 34 Member States gives it the flexibility needed to: (i) harness human resources, experiences in developing institutional capabilities involving several countries or regions, and proven methodologies; (ii) promote and adapt cooperation initiatives aimed at addressing national and regional priorities; and, (iii) facilitate the flow of information and improve the dissemination of best practices, contributing to the sustainable development of agriculture, food security and rural prosperity.
- 7. **The Institute focuses its efforts on strategic priorities** that generate new opportunities for employment and income and also afford innovators access to production support services: (i) the promotion of trade and the competitiveness of rural businesses; (ii) the development of rural communities based on a territorial approach; (iii) the promotion of agricultural health and food safety; (iv) the promotion of the sustainable management of natural resources and the environment; and, (v) the promotion of the introduction of

technology and innovation for the modernization of agriculture and rural development.

8. **The Institute's technical capacity to support the formulation and implementation of rural development projects with a territorial approach**, as a way to combat poverty and facilitate progress from a multidimensional perspective, has been validated in countries such as Mexico, Colombia, Brazil, El Salvador, Honduras and Costa Rica. In this field, the Institute has a large number of methodologies and practical experiences that could be applied in other countries of the hemisphere. Among other things, this approach places emphasis on the importance of the non-agricultural rural economy and its links with agriculture, and the potential of cluster economies as mechanisms for articulating micro, small and medium-sized rural enterprises. This experience would undoubtedly enhance the IDB's efforts to ensure that the economic benefits of development actually reach the Majority.
9. With regard to proposals for the development of rural territories, the Institute has placed special emphasis on other key issues, such as rural businesses and their access to goods and services. In this scenario, rural businesses can be expeditious instruments for stimulating the rural economy, generating new sources of income and creating jobs. The main areas include agro-tourism, rural tourism, agro-energy and the link between agriculture and the environment. The following are some examples of successful programs and projects related to rural businesses that IICA promotes (see Annex 1):
 - i. The Export Platforms Program, designed to diversify and increase the number of small and medium-scale exporters and the value of agrifood exports. This program is unique, inasmuch as it works with small and medium-scale entrepreneurs and focuses on specific markets, through a practical agenda of international business training, the validation of products in the selected market and the promotion of business meetings within the market in question. The program has so far helped modernize over 150 small and medium-sized enterprises and carried out 12 "platform" activities in five countries, each involving 10-15 small and medium-sized enterprises from the agrifood sector keen to compete in specific markets such as Miami, Los Angeles, Vancouver, Toronto and Montreal.
 - ii. The Program to Support the Development of Rural Agroindustry (PRODAR) in Latin America and the Caribbean (LAC), which supports business ventures involving family agriculture, endeavoring to ensure that more of the profits go to farmers, and efforts to strengthen the respective institutional framework. The program is helping initiatives such as small-scale cheese production, enterprises that process root crops and cereals, the production of brown sugar loaf and wines and vinegars produced from fruits and vegetables, in 15 countries of the region.

- iii. The Agro-tourism Program of the Caribbean Region, whose objective is to reactivate rural communities and make them sustainable by promoting competitive businesses that link agricultural activities with tourism, the environment and traditional knowledge. Thus far, business contacts have been established in 14 countries, linking farmers and food processors with the hotel and restaurant sector, including visits to farms and gardens, culinary festivals, the development of spas and products and services for well-being, and the creation of brand names for handmade products for the gift and souvenir sectors.
 - iv. The Andean Countries Cocoa Export Support Opportunity (ACCESO), a public-private partnership aimed at making small and medium-sized cocoa producers more competitive. The activities include the promotion and dissemination of good agricultural practices, the strengthening of producers' organizations, support for initiatives in support of the agricultural production chain and market access.
 - v. The National Fruit-growing Development Programs of El Salvador, Guatemala, Panama and Costa Rica, aimed at developing a competitive and international quality fruit-growing industry, working with small and medium-scale production and processing enterprises. A horizontal cooperation mechanism is used to improve technical services throughout the value chains, promoting the planting, processing, marketing and export of tropical fruits. The programs promote business partnerships, the organization of chains and the coordination of the public and private sectors.
 - vi. All the experience acquired by IICA in Northeast Brazil, through its support for Rural Poverty Alleviation Projects, especially the Sustainable Development Plan of Seridó, in the State of Rio Grande do Norte, where agricultural and non-agricultural chains (production, trade and services) were developed in a territorial space comprising 28 municipalities.
 - vii. The Program for the Promotion of Trade, Agribusinesses and Food Safety, which supervises and supports the programs already mentioned, such as PRODAR, the Development of Fruit-growing, ACCESS and the Export Platforms, promoting high standards of business management and, in general, an active participation in the market.
10. **IICA can collaborate with the IDB by assisting the member countries with the preinvestment and investment processes involved in the Bank's technical cooperation operations and loans**, including the identification, preparation, execution and evaluation of programs and projects. The Institute has a wealth of experience in carrying out identification and formulation missions, and in providing technical cooperation for the execution of investment programs projects with the multilateral and regional banks (IDB, World Bank, CABEI, CDB and CAF).

IV. GENERAL GUIDELINES FOR A FUTURE IICA/IDB AGREEMENT AND PROGRAM

11. To carry out initiatives related to the objectives described above, and to establish the terms and conditions for the participation of IICA and the IDB, it is suggested that the two institutions negotiate, draft and sign an agreement that includes a technical instrument entitled “**Technical Cooperation Program: Creating Opportunities for the Majority in Rural Areas.**” The agreement would cover hemispheric, regional (Northern, Caribbean, Central, Andean and Southern regions) and national activities to be implemented on behalf of the member countries of both institutions in the Americas.

ANNEX 1

A. EXPORT PLATFORMS PROGRAM

Through its Area of Agribusiness Development, IICA is promoting and implementing the Export Platforms Program, whose objective is to diversify and increase the number of exporters and the value of agrifood exports to specific markets. This program consists of three stages: (i) training in international business dealings; (ii) the validation of products in the selected market; and, (iii) participation in a trade fair or mission. Each “platform” targets a group of 10-15 small and medium-sized agrifood enterprises that produce and/or market different products and are keen to access a specific market.

So far, 12 “platform” activities have been implemented in five countries (four in Costa Rica, three in El Salvador, two in Nicaragua, two in Honduras and one in the Dominican Republic). New “platforms” are currently under way in El Salvador, the Dominican Republic and Honduras (2006). The platforms have targeted the markets of Miami, Los Angeles, Vancouver, Toronto and Montreal. Some of the main results achieved are as follows:

- i. The program has helped modernize over 150 small and medium-sized agrifood enterprises, equipping them with basic tools for beginning to export or increasing their export capacity, and for drawing up their own business plans;
- ii. The program had so far made it possible to identify the changes needed in 250 products for them to meet the requirements of potential buyers and the market in question;
- iii. As many as 50% of the companies that completed all the stages using the selection criteria suggested are exporting to the selected market.
- iv. The main products being exported include: mini-vegetables, watermelon, root and tuber crops, chayotes, frozen fruits (melon, pineapple, watermelon, etc.), frozen okra, frozen coconut, ripe and green fried and frozen plantains, heart of palm, loroco, organic sesame, traditional green coffee, gourmet coffee, organic roasted coffee, roasted coffee sold with the “fair trade” seal, guava and pineapple “cemitas” (puff pastry), horchata, red and black beans, gourmet tuna fish, plantain and manioc chips, sugar, honey, meat, cookies and shrimp.

B. PROGRAM TO SUPPORT THE DEVELOPMENT OF RURAL AGROINDUSTRY (PRODAR) IN LAC

PRODAR promotes, supports and helps strengthen rural agroindustry in Latin America and the Caribbean, and the institutional and political environment in which it operates. The Program involves: (i) the active participation of IICA Offices in the western hemisphere; (ii) organized groups of producers; (iii) NGOs and technicians involved in rural agroindustrial activities; (iv) work with the projects and initiatives of strategic partners such as CIAT, CIRAD, and FAO; and, (iv) National Rural

Agroindustry Networks (REDAR). PRODAR's services can be divided into the following categories:

- i. Knowledge management, which entails support for and the implementation of conceptual and applied research projects, and the design and execution of activities to share experiences, such as workshops, seminars, electronic forums, publications, etc.;
- ii. Technical and financial cooperation, for applied research, through Competitive Funds (currently suspended), in the areas of technology development, business management and trade development;
- iii. Information and dissemination, through mechanisms such as the Web page (www.prodar.org). Launched in 1999, it receives an average of 7000 visitors per month and includes and electronic interest lists that have been in operation since 1995; a monthly e-bulletin, created in June 2001; a question-and-answer service, in place since 2001; and, the production and dissemination of studies and draft documents;
- iv. Training, through the organization and implementation of short technical courses on production processes, the implementation of quality and business management systems, and the coordination and management of agribusiness internships; and,
- v. Trade development, whereby technical assistance is provided for the development of new markets, the testing of alternative marketing channels, the development of labels and brands, and the development and implementation of special seals to differentiate products.

The Program has achieved both strategic and operational results.

1. Strategic results:

- i. It has demonstrated the true importance of rural agroindustry in Latin America and the Caribbean vis-à-vis its economic and social contribution and as an important element in local development processes. It generates income and jobs, integrates marginalized actors into society and fosters the creation and consolidation of local social structures;
- ii. The existence in some countries of programs and projects to promote rural agroindustry, which were lacking at the end of the 1980s and in which the Program has clearly played a role;
- iii. National rural agroindustry networks (REDAR) and contact points of the Program in Argentina, Chile, Bolivia, Peru, Ecuador, Colombia, Venezuela, Panama, Costa Rica, Guatemala, El Salvador and Mexico;
- iv. Direct contacts with around 25 producers' organizations, in at least eight Latin American countries, that represent nearly 2500 families of small rural producers; and,
- v. Experience in the design and management of Competitive Funds. Over a period of seven years, PRODAR has co-financed and provided technical assistance to 41 projects in twelve countries of the region.

2. Operational results:

- i. The creation and existence of an information platform, comprising a Web (www.prodar.org), interest lists (PRODARNET and TURNET), the monthly INFORMAIR e-bulletin, and a question-and-answer service, in operation since 2001. This platform includes the over 5000 permanent, direct or indirect, members of the PRODARNET and TURNET discussion and information lists;
- ii. The publication of three series of documents: Rural Agroindustry Studies (8 publications), PRODAR Working Documents (21 publications) and Studies on Localized Agrifood Systems (5 publications);
- iii. The design of two training programs and the production and publication of support material for them, dealing with: Basic principles of rural agroindustry and Management of agribusinesses in multi-producer rural enterprises (in partnership with FAO);
- iv. Training in different topics using different methodologies, with various alliances and roles and involving different levels and intensities, for over 10,000 people, including producers, technicians, officials, educators, researchers and students;
- v. Nearly 300 agribusinesses have participated in agribusiness internships; and,
- vi. Development of new marketing channels, generation of new commercial relations, expansion and improvement of the range of products of some 95 organizations of producers and rural agroindustries that represent nearly 12,000 rural families in eight countries of Latin America.

C. ANDEAN COUNTRIES COCOA EXPORT SUPPORT OPPORTUNITY (ACCESO) PROGRAM

The objective of the Program is to enhance the competitiveness of the cocoa production chain in Bolivia, Colombia, Ecuador and Peru, increasing the number of families that produce commercial-quality cocoa by promoting good production and marketing practices, raising production levels and increasing the sales and income of small and medium-scale producers.

IICA began implementing the ACCESO Program in June 2005, under a public-private partnership composed of USAID, IICA and the World Cocoa Foundation (WCF), which represents the private sector and the international chocolate industry. In addition, the OAS-CICAD, which is a member of the ACCESO Steering Committee, has donated funds for technical assistance to small-scale cocoa producers, which the Executive Secretariat of ACCESO uses to provide technical assistance for the implementation and evaluation of the Field Schools for Farmers (ECAS), a highly participatory technical assistance methodology. ACCESO has a Steering Committee, an Executive Secretariat based in the IICA Office in Peru and National Coordinating Committees in the countries.

ACCESO is responsible for carrying out different activities under the following components: (i) Strengthening actors in the cocoa chain; (ii) Developing regional links; (iii) Improving productivity; (iv) Improving quality; and, (v) Expanding markets. The Program's main achievements in its first year of operation were as follows:

- i. 55 facilitators were trained in the Field Schools (ECAS) methodology, in Peru;
- ii. 48 ECAS were set up to train 1230 small producers who farm 2150 hectares of cacao in Peru;
- iii. Baseline information was compiled about the producers taking part, as basic input for the impact assessment;
- iv. The cocoa chain in Peru and Colombia is articulated and coordinating activities with technical cooperation from the Executive Secretariat of ACCESO. Colombia has an ACCESO Committee and Peru has the forums needed to reach consensus on the Agreement on Competitiveness;
- v. An Andean Regional Workshop on Technological Applications was held in Ecuador to update over 100 leading producers and technical personnel on the progress of the research;
- vi. An Andean Regional Workshop on Technology Transfer was held in Colombia for over 100 extension workers, linked mainly to the ECAS in the Andean Region. The event led to the standardization of the concepts of the ECAS methodology and the dissemination of information about the successful experiences in Bolivia, Colombia, Ecuador and Peru;
- vii. Completion of the final version of the Standardized Protocol for the Supply of Technology for Cacao Cultivation in Peru, the first step in standardizing technologies in that country.

In 2007, ACCESO intends to focus on: (i) Project to Strengthen the Business Skills of Producers' Organizations for the Andean Region; (ii) Protocols for Technological Standardization for Colombia and Ecuador; and (iii) Implementation of a further 20 ECAS.

D. THE NATIONAL FRUIT PROGRAM OF EL SALVADOR

The Government of El Salvador, through the Ministry of Agriculture and Livestock (MAG), is promoting the National Fruit Program (MAG FRUTALES), as part of its policy in aid of agricultural diversification. IICA was entrusted with execution of the Program at the end of 2000, under a contract with the board responsible for administering the funds generated by the privatization of ANTEL (national telephone company). Implementation of the Program has continued uninterrupted since then, to consolidate the development of the competitiveness of the country's fruit-growing industry. Fruit production chains are being strengthened by providing specialized technical assistance services to facilitate the industry's access to

national and international markets, generate sources of employment, raise incomes and help improve the environment with the planting of fruit trees.

The Program consists of the following components: (i) Marketing and commercialization: advisory assistance for participation in national and international fairs, price information systems and market opportunities, advice with efforts to identify markets, contacts between producers and buyers and support for the management of producers' organizations; (ii) Post-harvest and agroindustry: technical assistance services for SMEs, training in agroindustrial processes, development of new products, advisory services for GMP, HACCP, SSOP; (iii) Fruit production: services related to farm assessments, crop management plans, technical assistance and training for producers and nursery owners; (iv) Training and dissemination: technical manuals and guides, bulletins, leaflets, courses, workshops, national and international visits, meetings of producers, field days, seminars, international forums, etc.; and, (v) Financial assistance: assistance and advice for producers and entrepreneurs keen to gain access to sources of financing in the banking system.

The Program specializes in lime, cashew, avocado, coconut, sapote, sapodilla, jocote and other native tropical fruits; the participants are individuals, organizations, entrepreneurs, agro-industrialists, nursery owners, traders and exporters. Its main achievements include:

- i. Development of 6800 new hectares producing commercial fruit crops. By investing US\$4.9 million, the Ministry of Agriculture and Livestock has stimulated private investment of over US\$30 million from over 1000 national producers, agro-industrialists, traders and nursery owners, who have received technical assistance and training for the establishment, agronomic and post-harvest management and marketing of production.
- ii. In the years ahead, fruit production will lower the current level of imports, which in 2004 cost US\$36.6 million, equivalent to 159,436 MT.
- iii. The new areas planted have created nearly 10,000 new, permanent jobs per year, making the fruit-growing industry an excellent generator of employment in the national agricultural sector.
- iv. The promotion of the national production of quality breeding materials, by providing technical assistance and training to 23 nurseries that are members of the Program, whose productive processes meet the technical and plant health requirements of the General Directorate of Animal and Plant Health (DGSVA/MAG) and the MAG-FRUTALES Program. The Association of Nursery Owners of El Salvador (AVIVERSAL) was also set up.
- v. Assistance in developing commercial contacts with national and international fruit marketing companies, linking producers with supermarkets, municipal markets, individual clients and exporters.
- vi. A major contribution to the efforts to meet producers' need for services, with cooperation agreements being signed with the Banco de Fomento

Agropecuário and the Banco Hipotecario to provide funding for producers, processors, nursery owners and agro-industrialists who wish to begin growing fruits or expand their infrastructure or current crops.

- vii. The results so far have been very promising, since there is an established market for some fresh and processed fruits, and the strong demand for products continues to grow. A big opportunity exists for marketing fruits and by-products, which have to be imported if local production fails to meet the demand. The Ministry of Agriculture and Livestock is in the process of institutionalizing this program, to ensure that the sector continues to grow and achieve the expected socioeconomic impact.

E. SUSTAINABLE REGIONAL DEVELOPMENT PLAN FOR THE SERIDÓ REGION OF THE STATE OF RIO GRANDE DO NORTE, IN NORTHEASTERN BRAZIL

IICA provided technical cooperation for the implementation of this World Bank-funded Rural Poverty Alleviation Project, in partnership with the region's Catholic Diocese, the RN-FETARN Federation of Agricultural Workers, the State Government (through the Planning Secretariat) and various producers organizations and local inhabitants. A participatory methodology was used to obtain the views of society via strategic planning workshops involving different representative segments of civil society and the public and academic sectors of the 28 municipalities that took part. Specific technical studies were also carried out by teams of specialists related to the productive/technological, environmental, social/economic, institutional/political and cultural/ educational dimensions, to support and lend technical weight to the perception of the people involved. Furthermore, projections of scenarios helped consolidate the perception and knowledge of future trends in the region in the context of globalization and the general conditions in the country. The Plan was used to identify, prepare and execute various projects related to production, infrastructure and services-related activities. Some of the principal results are as follows:

- i. The Region's Human Development Index (HDI), which was low, is now the highest in the rural sector.
- ii. The goat's milk production chain was developed, with the production, processing and marketing of products (pasteurized milk, cheeses and other products based on small production units);
- iii. As the region is semiarid, with very low productivity and fragile environmental conditions, the project promoted and supported the development of non-agricultural rural activities. It focused on structuring the production chains of hand-woven textiles (rendas, embroidered cloth, etc.), and ceramic tiles, to improve dwellings in the region and sell to other areas; and on developing a kepi (hat) industry that is now exporting its products successfully;
- iv. A series of small dams and water reservoirs were constructed that have led to the development of small-scale irrigation, promoting crops such as corn, beans

- and cassava, basically to improve food security but also generating an important source of income for producers;
- v. The Seridó Development Agency (ADESE) was created under the project. A public-private undertaking, it is now providing institutional support for the management and sustainability of ongoing initiatives;
 - vi. Finally, thanks to the existence of a plan, projects, a management model and a suitable institutional framework for development in the region, other sources of financing are supporting the development process. Under an agreement with IICA, the Bank of Brazil has begun to finance project-related activities. The Bank of Northeastern Brazil is helping to finance the structuring and consolidation of production chains. Spain's cooperation agency has approved a project worth around 300,000 Euros, to consolidate the milk production chain in the Region.