



Public policies that define requests for technical cooperation in territorial development and family farming¹

The technical cooperation agenda of the Inter-American Institute for Cooperation on Agriculture (IICA) relies upon adequate assessment of the needs set forth in the requests for support services made by governments in Latin America and the Caribbean, to meet the goals of agricultural development and rural well-being.

Public policies, which respond to the need to solve the legitimate conflicts that affect society, are a concrete mechanism to channel technical cooperation demands. One pathway to identifying these demands is to examine public policies as concrete representation of the actions carried out by its main stakeholders.

The recipients and beneficiaries of technical cooperation are the ministries of agriculture and rural development, as well as the network of institutions and organizations, both public and private, that interact as stakeholders in public policy management within these ministries, in the areas of territorial development (TD) and family farming (FF).

The main focus of public policies is economic development, as a natural result of the affiliation of ministries of agriculture to the economic sector of the State. Consequently, territories are approached from the perspective of integrated economic development, which calls for an understanding of their interaction with the social, environmental,

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political and cultural dimensions, and their dependency on each of these aspects.

The definition of FF is taken from the Action Plan of the United Nations Decade of Family Farming: *“Family Farming (including all family-based agricultural activities) is a means of organizing agricultural, forestry, fisheries, pastoral and aquaculture production that is managed and operated by a family, and is predominantly reliant on the family labour of both women and men. The family and the farm are linked, co-evolve and combine economic, environmental, social and cultural functions”*.

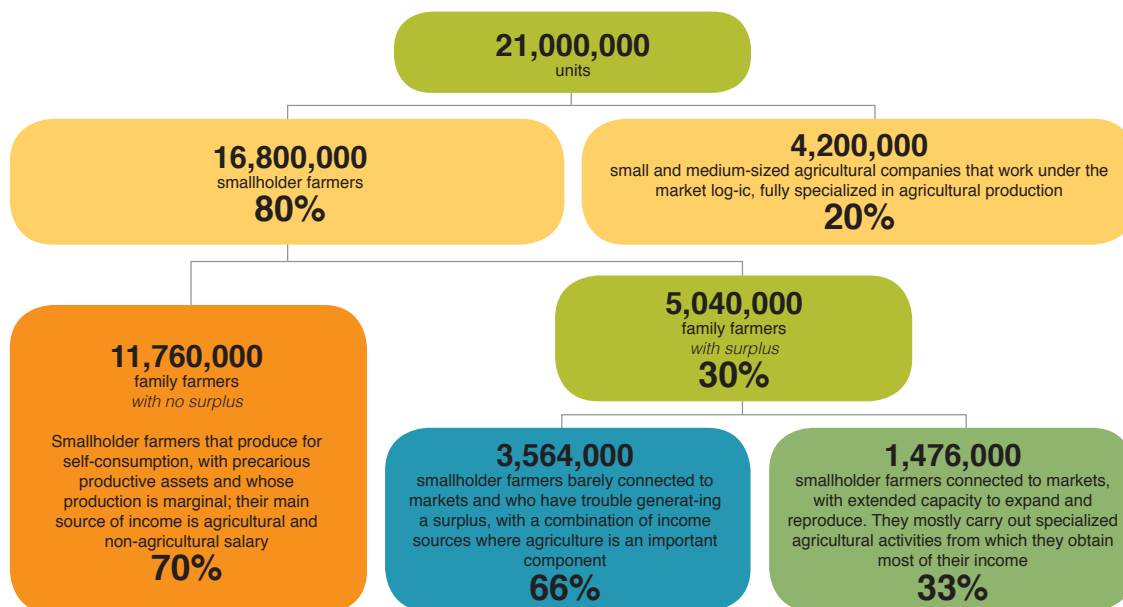
The present document is aimed at contributing to identify the demands associated with FF and rural territories and offer a possible scope of action, to establish

work niches and outline a client support strategy aligned with other thematic units of IICA. To this end, it will rely upon two main programmatic pillars for the Territorial Development and Family Farming Program: productivity as an engine to strengthen FF and territorial production systems as the stage for economic development.

A productivity agenda for FF

The agricultural sector is highly segmented, and therefore areas with distinctive productive characteristics are easily identifiable. A large number of farms coexist in Latin America, as represented in the simplified scheme presented in graph 1.

Graph 1. Segmentation of rural productive units in Latin America



Source: Developed based on FAO 2019².

2. FAO (Food and Agriculture Organization of the United Nations, Italy). 2019.

IICA has built the necessary technical capacities to define a technical cooperation agenda that covers the full spectrum included in this structure, applying different criteria for each thematic area. Hence, the Institute has established a technical component aimed at providing specialized assistance to FF sectors.

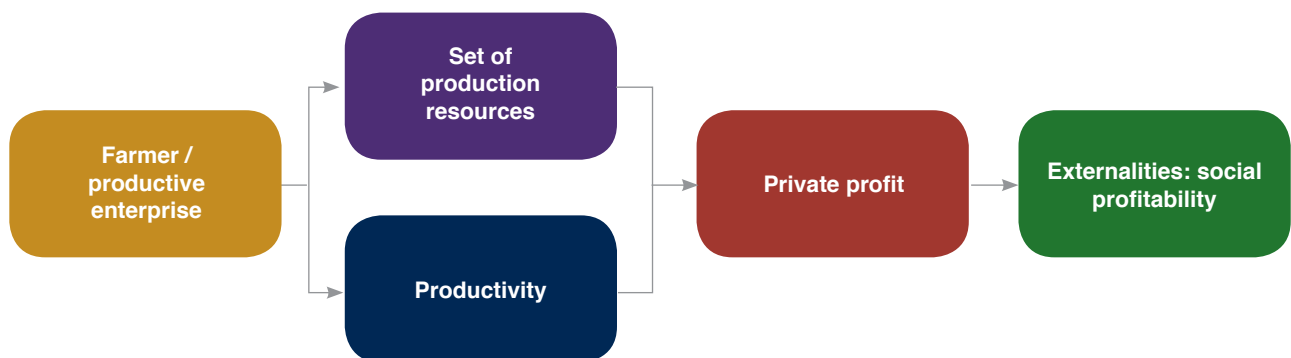
FF assistance strategies are defined based on the recognized need to apply differentiated public policies for this farming sector, its farmers and their associated territories. IICA defines FF applying an integrated, systemic, territory-based approach, identifying the exclusion and rather precarious living conditions and human development that affect this segment as the factors limiting the potential of FF. Public policies in the region are therefore reliant on social and

productive inclusion; territorial economic development based on clusters or territorial production systems; and the social management of the territory.

Productivity is the engine for sustainable development in rural territories and FF systems (graph 2). It is the basis for economic growth, and is crucial in solving the challenge of sustainability by seeking to *produce more with less*. Simultaneously, productivity has a key role to play in ensuring equal distribution of the benefits of economic growth.

Productivity is the reflection of the way in which the production structure manages its resources, which take the form of productive factors, in order to obtain maximum private profit for producers as well as social profit for the whole of society.

Graph 2. General economic development model based on productivity

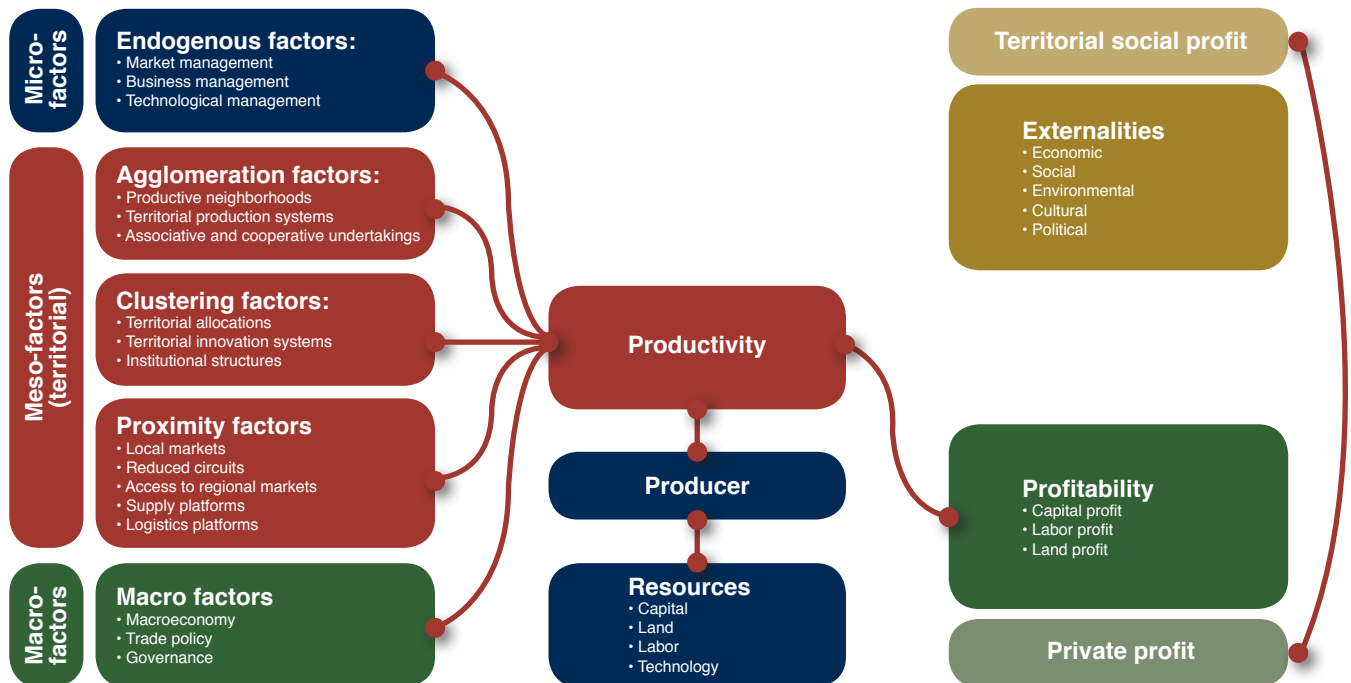


The set of production factors determines the capacity of an economy to develop productive processes, but is not indicative of its productivity. Productivity is based on the competencies of economic agents, the territorial

environment where the activity is carried out and the macroeconomic conditions.

The following model (graph 3) synthesizes the structure of a productive system, which in our case applies to FF production units:

Graph 3. Factors that determine productivity in the economic development model



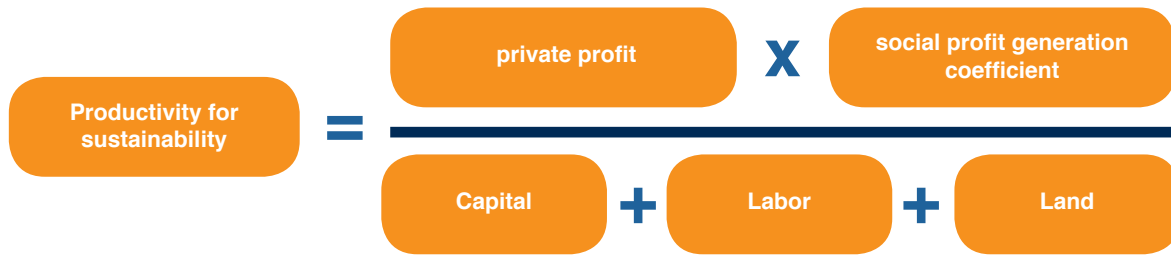
Productivity is the building block of this model. Farmers and their allocation of productive resources are the basis; their activity will be crucial to achieving social goals through externalities, which in turn rely upon the productivity ratio.

The initial provision of capital, land, labor and technology allows farmers to move through economic cycles that generate a surplus they can capitalize in their productive unit; however, in most cases, family farmers must face shortages that hinder this process of accumulation and keep them in conditions of low profitability. As opposed to other non-family production units, this condition results in businesses closing down, SMEs being a characteristic example due to their low survival rate. Family

farms continue to operate with simple reproduction conditions at the expense of the overexploitation of their workforce and conditions of extreme poverty.

Productivity constitutes a key factor in organizing the requests for cooperation services, because it helps understand the main elements of most public policies that result in said demands. Understanding that productivity is neither equal to the net production amount nor a simple amount/resource units ratio, but rather a system with differentiated attributes where the distribution of the benefits and the impact on the environment are equally important, helps outline a new concept of sustainable productivity that can be defined as follows (graph 4):

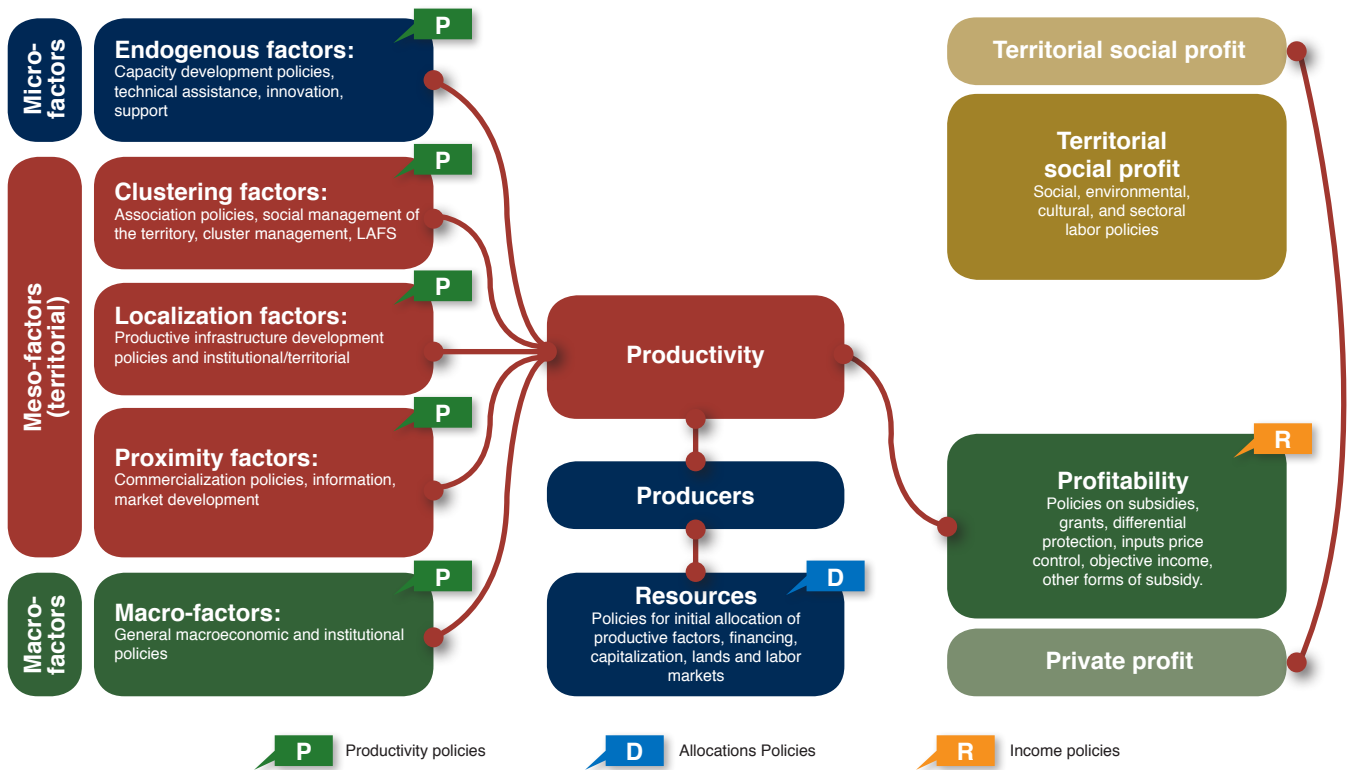
Graph 4. Productivity model for sustainability



From this productivity perspective, public policies that result in a potential demand for technical cooperation services are classified, pursuant to the processes

described in this model, into policies for the allocation of productive assets, policies to improve productivity and policies to protect farmers' profit (graph 5).

Graph 5. Types of public policies in the productivity-based economic development model



In this sense, TD and FF interventions that turn into future requests for cooperation include the following specific policies:

Policies for productivity in TD an FF	
Policies for productivity that strengthen the endogenous capacities of production units	<ul style="list-style-type: none"> ✓ Development of organizational, business, commercial and leadership skills for family farmers working individually, as part of a cooperative, or associated in alliances and unions, through training and capacity building processes. ✓ Provision of support and technical assistance services to strengthen innovation processes at all levels, through knowledge management mechanisms, including a range of rural and agricultural extension strategies.
Policies for productivity that strengthen productive clustering factors	<ul style="list-style-type: none"> ✓ Strategies and promotion of cooperativism and creation of organizations and associative businesses located in family farmers' communities, which promote economies of scale and empowerment in negotiation processes, with the different links of the value-added chain. ✓ Organization, promotion and support of production clusters that boost the endogenous development of the territories based on their comparative advantages and the dynamics of the different links that constitute them. ✓ Promotion of localized systems of production that ensure the maximization of value added and the sophistication of primary production by family farmers through the adoption of technological innovations aimed at boosting value added, mainly through agrifood industry processes. ✓ Promotion, assistance and support to social and territorial management processes based on participation, multi-level governance and agreements, pacts or strategic territorial projects involving State agencies and family farming organizations in TD plans.
Policies for productivity that strengthen localization factors	<ul style="list-style-type: none"> ✓ Provision of productive infrastructure public goods to help build territorial capacities in areas including the collection, storage, benefits, transformation and trading of locally produced goods, especially those originating in FF. ✓ Provision of territorial infrastructure public goods such as road connectivity systems, power grids and other infrastructure to support production. ✓ Stronger institutions and structures aimed at supporting productive activity, including mechanisms to protect property rights, formalization of productive actions and business development, support to entrepreneurship and legal and commercial security in market activities. ✓ Development of a social infrastructure that ensures basic conditions for well-being, especially in the areas of employment and work education, and which includes the training of skilled workers.

<p>Policies for productivity that strengthen proximity factors</p>	<ul style="list-style-type: none"> ✓ Strategies to strengthen and develop trade systems that boost local and regional markets, as well as the establishment of urban markets located in territorial and regional settings. ✓ Strengthening reduced trading circuits that allow family farmers to directly access the best negotiation options in institutionalized markets, contract-based agriculture and other alternatives that optimize trade opportunities in nearby clusters and markets. ✓ Development of localized logistics platforms for collection, distribution and trade information to support family farmers and their associations or cooperatives.
<p>Macroeconomic policies that promote a favorable environment for productivity</p>	<ul style="list-style-type: none"> ✓ Inclusion of the territorial and sectoral dimensions in fiscal, exchange, trade and monetary policies that establish structural and contextual conditions affecting the agriculture sector and smallholder farmers in different ways.
<p>Policies for the allocation of productive resources for TD and FF</p>	
<p>Land access policies</p>	<ul style="list-style-type: none"> ✓ Land distribution or redistribution strategies by means of title allocation, distribution and support to the land market. ✓ Property regularization programs to guarantee property rights and apply principles based on the social role of property. ✓ Regularization and formalization mechanisms for land property rights that ensure ownership for small-sized farmers, and inheritance and generational transition processes. ✓ Special collective land property models, specifically designed for ethnic communities and communities of peasant co-proprietors. ✓ Financing programs for intra-property infrastructures focused on water management or land adaptation with irrigation and drainage systems.
<p>Policies for financing and capitalization</p>	<ul style="list-style-type: none"> ✓ Instruments to support the creation of intermediary organizations or institutions that provide formal credits to smallholder farmers and their organizations, farmers' associations and cooperatives. ✓ Credit subsidies to facilitate access of smallholder farmers to formal financing with subsidized rates. ✓ Financial guarantees to back loans given to smallholder farmers and their organizations, farmers' associations and cooperatives. ✓ Financial instruments aimed at subsidizing agricultural risk insurance premiums. ✓ Financing models to offer associative credits to family farmers' associations.

Policies for access to productive assets	<ul style="list-style-type: none"> ✓ Direct subsidies for the acquisition of tools, machinery, seeds and other productive inputs by family farmers. ✓ Programs for the creation of repositories offering inputs, machinery and other productive assets for family farmers and their organizations.
Policies to protect the profitability of family farmers	
Subsidy policies	<ul style="list-style-type: none"> ✓ Direct subsidies to production associated with the seeding areas, volume of production, or the differentiated exploitation of economic markets.
Market protection policies	<ul style="list-style-type: none"> ✓ Market intervention strategies by means of trade policies aimed at protecting national production through tariff and non-tariff mechanisms that create favorable conditions for national production in lieu of imported goods.
Price intervention policies	<ul style="list-style-type: none"> ✓ Guaranteed price policies, target income or subsidies that ensure a basic income for farmers.

Territorial production systems in the TD agenda

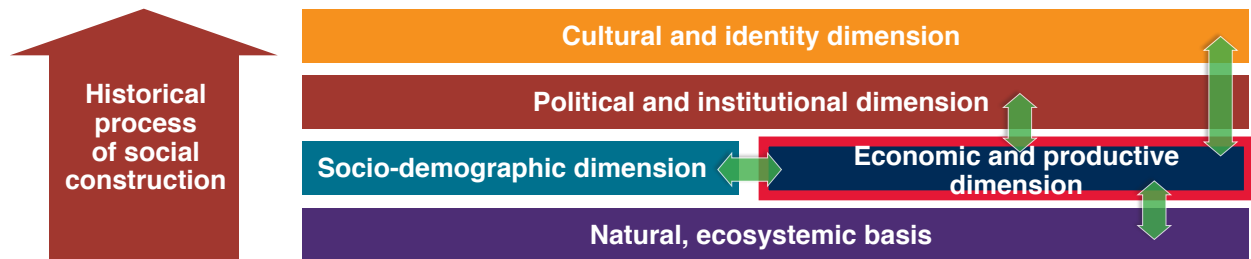
Territories are approached from a perspective of integrated economic development, understanding their interaction with the social, environmental, political and cultural dimensions and their dependency on each of these aspects. Pursuant to the agendas of the ministries of agriculture and rural development, the second sectoral component is the rural territory as an object of policymaking and

its integrated economic development, which involves a shift from the traditional perception of rural development to one based on TD.

Territories are multi-level systems with a natural, ecosystemic basis where populations settle and carry out economic and productive activities, create institutions that determine their governance model and their own culture and identity, as a result of historical processes of social construction.

The multi-dimensional nature of TD is expressed as follows (graph 6):

Graph 6. General territorial model



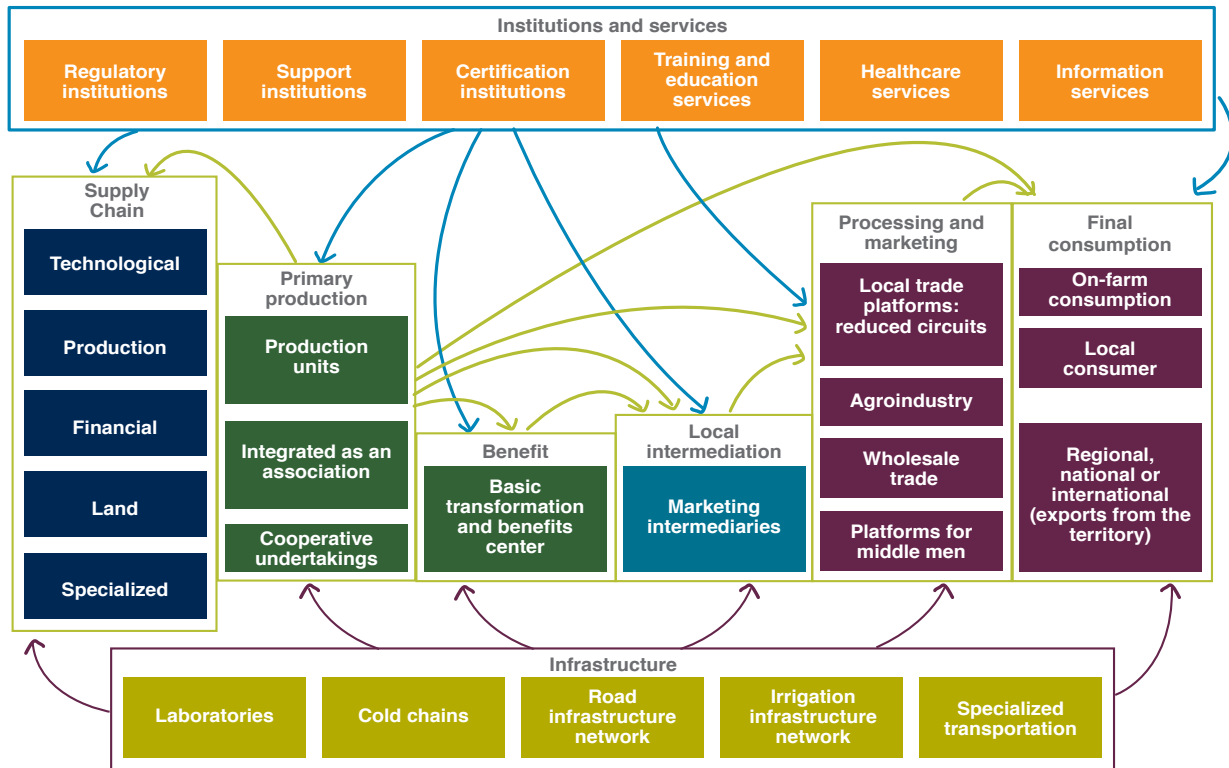
TD public policy strategies defined by IICA focus on the economic and productive dimensions, including the interaction with other factors involved in the territorial system. A territorial management strategy must include a concept of the territory as a unit for policy intervention, organization of spatial relationships in the economy, intersectoral and multidimensional articulation, and multi-level governance based on strategic territorial pacts and projects for economic development.

The model of territorial economic development is aligned with the structure of spatially localized chains and productive clusters, with an emphasis on family farming territorial systems in their broader sense. The resulting public policies consider the territory as a unit for intervention; the existence of a negotiated and coordinated strategic territorial project; schemes for territorial organization; and effective coordination and intersectoral synergy mechanisms.

The focus of productive development public policies has evolved from a sector-based or product-based vision with a microeconomic perception of the productive unit to an acknowledgment of the value-added chain involved in the process of production, transformation, distribution and trade, as well as the networks of farmers that make up the territorial production systems. This approach merges FF and territorial spaces into one single functional and systemic concept for which specific policy intervention instruments are designed.

This novel approach results in chain- and cluster-based territorial strategies that consider all intervening processes and economic factors, as well as the different relationships generated in the territory, which helps expand the area of intervention and improve the understanding of territorial production systems. The following chart (graph 7) shows the structures that make up a territorial production system:

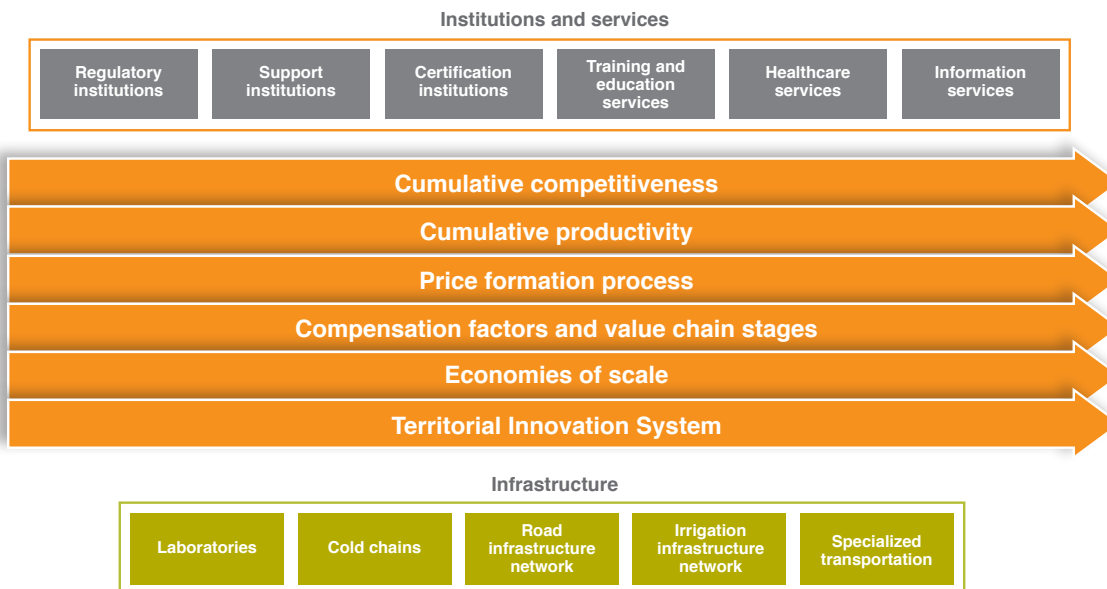
Graph 7. Territorial value-added chain system



This context is conducive to the development of key processes for productivity and, consequently, for TD and FF. These

processes have to do with competitiveness, pricing, distribution of benefits, scale economies and innovation (graph 8):

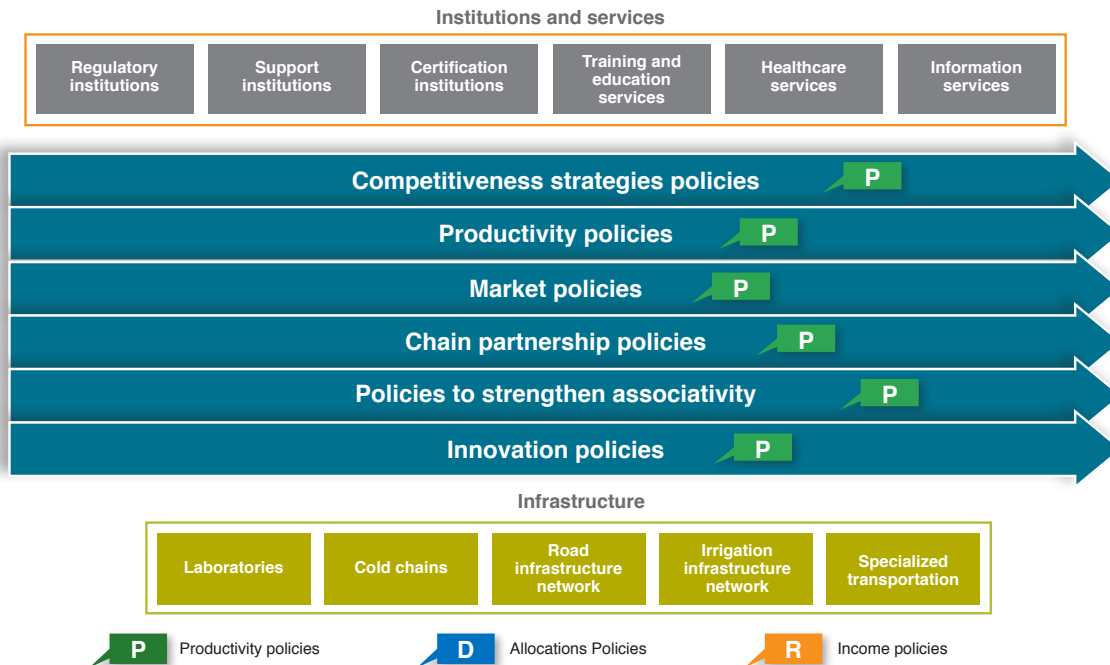
Graph 8. Structuring processes of territorial production systems



Public policies are set out based on these elements to organize the instruments of intervention from a

territorial perspective, prioritizing those aimed at fostering productivity (graph 9):

Graph 9. Public policies to promote territorial production systems



Policies aimed at strengthening territorial economic development are structured around programs, plans and actions made

up of “baskets” of the mentioned policy instruments for productivity. The following are specific examples:

<p>Territorial competitiveness policies</p>	<p>✓ Strategies for territorial competitiveness aimed at reaching institutional agreements and planning processes, together with multi-stakeholder institutional agreements based on systemic and territorial competitiveness</p>
<p>Chain productivity policies</p>	<p>✓ Chain-specific strategies that are part of large family farming networks, their organizations and enterprises with other economic agents, for the definition of chain-specific plans and projects to boost territorial economies.</p>

Market policies	✓ Strategies to overcome barriers imposed by distortions in the market of goods and services that hinder social and economic efficiency and equal access of family farmers and their economic and social organizations to fair and transparent market conditions and rules.
Chain alliances policies	✓ Strategies to establish mechanisms to include family farmers in productive alliances with other economic agents such as agroindustrial and trade companies, or integration into institutional markets.
Policies to strengthen associations	✓ Strategies to promote FF associations and cooperatives to achieve economies of scale, mechanisms to implement entrepreneurship strategies, innovation systems based on the collective management of knowledge and profit distribution mechanisms.
Innovation policies	✓ Strategies for the development of territorial innovation platforms based on knowledge management mechanisms, strengthened by dissemination networks and by creating the conditions to modernize processes.

IICA has the potential to respond to this broad spectrum of requests for technical cooperation. This capacity is based on its institutional assets, the main and most important one being its technical resources, represented by the accrued body of knowledge and experiences and its capacity to manage said knowledge in the corresponding fields of competence.

In fact, the main asset of the technical cooperation provided by IICA is knowledge. The Institute's potential in the market of technical cooperation services lies in its competitive, knowledge-based products. Additionally, the Institute's Medium-term Plan (MTP) for the 2018-2022 period includes an action strategy with a set of modalities and instruments of cooperation that respond to the specific conditions set forth in the requests made by member countries.



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