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



Centro Interamericano de Documentación e Información Agrícola
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Guidelines for preparation

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I. INTRODUCTION

The Inter-American Conference of Ministers of Agriculture is a specialized agricultural conference, convened every four years by the Organization of American States. The most recent Conference, the ninth in the series, took place from August 31 to September 2, 1987, in Ottawa, Canada. Thirty-two countries of the Americas sent representatives; 22 of them, ministers of agriculture.

The agreements reached during this hemisphere-wide summit on agriculture are synthesized in the Ottawa Declaration and in 10 recommendations.^{1/} In view of the nature of the event and the level of representatives sent by the countries, these documents constitute a mandate for the agricultural sector of the region and for all those who, in one way or another, have a voice in its development.^{2/}

The meeting reached a broad consensus of a conceptual, declarative nature, which must now be translated into concrete action that will help reactivate the economy and spur the development of the region. For this purpose, the Conference charged IICA, as the specialized agency in agriculture of the inter-American system, to draft a "Strategic Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean." The Institute was also instructed to procure external resources to finance the preparation of this Plan.

Both the general consensus achieved in the final Conference documents and the demand for a plan of joint action were subsequently endorsed by the ministers of foreign relations of Latin America and the Caribbean countries (LAC) during the 17th OAS General Assembly, held in Washington last October, where a resolution backing these initiatives was unanimously approved.

The purpose of this document is to lay out the central issues to be considered in drafting the Plan, and to suggest organizational and budgetary strategies for the work. Section II outlines background information and describes central ideas. This is followed by sections to describe the nature and objectives of the proposed Plan (III), and discuss the organizational structure (IV). Finally, the closing section details the activities to be carried out.

^{1/} See the Declaration and Recommendation No. X at the end of Section V.

^{2/} The Declaration and the recommendations of the Ninth IQMA, as well as the working documents of the meeting can be found in the book "Reactivating Agriculture: A Strategy for Development," IICA, San Jose, Costa Rica, 1987.

II. BACKGROUND

A. Agricultural reactivation and development in LAC: Key issues ^{1/}

There is an increasingly widespread belief that the outlook for achieving political stability and peace in most of the countries of Latin America and the Caribbean (LAC) is inseparable from the region's immediate ability to resume a sustained process of growth and economic and social development. This situation is particularly dramatic in Central America, but it is clear that the recent process of democratization in LAC countries has had difficulty consolidating its advances due to economic stagnation.

Most of the countries of LAC have encountered obstacles to resuming the path of development that are so complex that they cannot be overcome using the same strategies upheld in past decades. This is why the countries of LAC, when their ministries of agriculture met together in Ottawa, expressed their conviction that the task of reactivating and modernizing the agricultural sector must be an essential feature of economic development strategies.

"The majority of our countries are presently facing a crisis, the magnitude and extent of which has not been seen in the last ninety years. To deal with this crisis, we have to make profound changes in the traditional concepts concerning economics and development that have prevailed in our countries for many years. These changes touch upon medium- and long-term strategies, proximate economic policies, and the relative importance which the various sectors have in revitalizing our economies.

"In the context in which our economies operate today and will continue to operate in the future, agricultural modernization and diversification must constitute a key element of strategies for economic revitalization and development in our countries. The increase in productivity which such modernization entails, together with wide distribution of its benefits, lay the groundwork for an approach to economic development capable of exercising a strong multiplier effect on the rest of the economy, while immediately benefitting the great mass of our poor and indigent who live in these same rural areas." (from the Ottawa Declaration)

A number of different factors underscore the advantages, in the present and foreseeable context, of a development strategy that focuses on making agricultural production more dynamic and increasing its efficiency:

^{1/} The ideas set forth in this section are based on the documents discussed and approved by the ministers of agriculture at the Ninth ICMA. See IICA, op. cit.

- a. Agriculture has tremendous potential to increase supply by boosting the productivity and efficiency of production processes as well as services. This requires a process of modernization in agriculture which must promote equity and ensure the conservation of natural resources.
- b. In an environment of gradual long-term trade liberalization, the comparative advantages and lower costs of agricultural production in LAC countries tend to offset any risks of declining demand and provide a means to respond to the growing interdependence of international economic relations.
- c. Given the nature of agricultural production, composed primarily of wage goods and exportable products, increased supply would bring about improvements in the balance of payments, both by upping exports and by substituting imports, and the anti-inflationary effect would be considerable.
- d. The reactivation of agriculture can have major repercussions on the rest of the economy because of the sector's linkages with agroindustries that produce inputs and process raw materials. Agricultural recovery should be seen, then, not only for its effect on the primary sector, but also as an important part of the reindustrialization process focusing on potentially competitive industries.
- e. Projects to reactivate the agricultural sector necessarily concentrate resources on production activities in areas characterized by acute social problems and poverty; therefore the impact on income distribution and reduction of poverty would be greater than it might be if resources were channeled into other sectors. Clearly, the attainment of this objective depends on the model adopted for reactivation and modernization; it also requires that the most disadvantaged groups receive preferential access to the factors of production and to training. This point is important not only for reducing poverty but also for improving the urban-rural equilibrium that has deteriorated so sharply over the past 20 years.

Numerous specific actions and changes are required if this strategy is to be implemented and to prove successful. It is generally agreed that these actions and changes must involve factors both external and internal to the region.

External factors cannot be altered by the mere desires of the LAC countries; therefore, "it is vitally important to develop new alternatives for solving the foreign debt problem and to achieve an international consensus that will substantially remove restrictions and distortions of agricultural trade and allow our countries to reap the benefits of their greater comparative advantages in agricultural production." (from the Ottawa Declaration)

In this context, it is important to understand that the LAC region used to be a net importer of capital, with US\$16 billion to its credit in 1978. However, by 1985, it had become a net capital exporter, with a deficit of US\$29 billion. Therefore, if agricultural production and exports are to be increased, it will be essential to restore the flow of investment that will provide the most efficient producers with preferential access to this capital. These changes can come about only if the international community so resolves. The attitude of the developed countries is of critical importance; these are the major creditors of the LAC countries and, at the same time, they have a decisive effect on markets because of their protectionist agricultural policies. Economic recovery in LAC would benefit strongly from a reduction of agricultural protectionism in the developed countries and from an increase in the flow of investment toward the region. Moreover, such trends, by increasing the demand for imports as a result of economic recovery in LAC, would have a healthy effect on the exports of the developed countries themselves and those of other developing countries.

Internal factors are also important. There is general agreement that the external adjustments adopted in most of the countries during the present decade have strongly contracted the economy. The process of correcting structural dislocations in the economies of the region should go on, but economic development must be maintained. In this general framework, adoption of a strategy for economic reactivation that stresses the reactivation and modernization of the agricultural sector requires action in certain key areas:

- a. Macroeconomic policies, with their increasingly decisive impact on agriculture, should be oriented toward strengthening intersectoral relations. Anti-agricultural biases of the past must disappear, so as to encourage parallel development of agriculture and industry. In this context, sectoral incentive policies (addressing such issues as prices, taxes and investment) should place top priority on promotion and outreach, fostering mechanisms for healthy private competition and favoring equitable income distribution.
- b. Modernization of the public agricultural sector is a pressing need if public services and government economic activities, which play a guiding role in agriculture, are to develop efficiently, enhance competitiveness in the agricultural sector, coordinate and foster private participation, and reach the poorest productive sectors.
- c. It is critically important for farmers to have access to technological innovations and eventually adopt them. This is because technology is an increasingly vital factor in determining comparative advantages. As science evolves into a private sector activity, and as the magnitude of investments required for modern research burgeons, it becomes essential to

strengthen national technological systems. Mechanisms for intra-regional horizontal cooperation need to be strengthened and new forms of linkage with international public sources of information are required for bringing about technological development in the LAC countries. The problems of technology transfer and adoption also demand high-priority attention.

- d. An essential factor in the fight against rural poverty will be the adoption of specific, integrated strategies that will allow the poorest groups to join the process of economic and social development through production increases. Such strategies will increase rural incomes, producing greater demand and have a catalytic effect on the economy as a whole. The organization and training of small-scale farmer groups will help provide them with access to needed know-how and factors of production. This, along with the development of infrastructure and suitable marketing, must be the central focus of policies and programs tailored to promote social and production improvements.
- e. It is fundamentally important to increase the flow of financing toward agriculture in the region so as to reactivate its development, which has been weakened by heavy public and private desinvestment during this decade. Any investment mechanisms proposed for this purpose must forge effective links between policy shifts and the inflow of new investment. Such initiatives as sectoral adjustment programs should be reviewed with an eye to greater flexibility and suitability to local conditions, technical assistance in program design, and investment projects to go hand-in-hand with the structural changes agreed upon. National investment policies and programs must be revised so as to promote a more rational use of resources.
- f. Finally, the Ninth Conference of Ministers of Agriculture reached a consensus that regional integration and international cooperation must be intensified in order to contribute to the reactivation and modernization of agriculture in the region. It is clear that joint action by groups of countries is an excellent option for solving shared problems, and technical and financial cooperation organizations should encourage such efforts.

III. NATURE AND OBJECTIVES OF THE PLAN

A. Nature

The general ideas outlined above, along with the more specific issues set out in IQMA Recommendation X, enjoy a widespread consensus and have received major political backing. Together, they represent an important point of departure and are useful in pinpointing several key concerns for drafting a plan of action to reactivate the agricultural sector of LAC.

This type of plan, to be successful, poses two essential requirements: a consensus by the countries of the region concerning an array of reforms and actions necessary for the reactivation of production and external support for carrying them out.

These two factors complement one another and are interdependent. The need for coordination of action among countries marks a break with the past. It reflects, on the one hand, the desire of the countries to bolster regional integration through joint action to solve concrete problems, and on the other, the greater impact and efficiency of external cooperation emphasizing such an approach.

1. External support

The Plan should include three separate lines of action in the area of external support:

- a. A change in international conditions, including the reduction of agricultural protectionism to facilitate market access for products from LAC countries, and solutions to the problem of indebtedness as a short- and long-term conditioning factor.
- b. Generation of a positive flow of investment funds toward the agricultural sector.
- c. A process for transferring technological capabilities; unlike past processes, it should move beyond the simple transfer of applicable technology, instead it should encourage the flow of basic know-how so as to expand the region's capabilities for technological development.

These factors are very similar to the elements underlying two well-known initiatives for economic regeneration: the Marshall Plan, which paved the way for rebuilding Western Europe after the War, and the Alliance for Progress, which made major contributions to sustained economic growth in Latin America during the 1960s.

Implementation of the Marshall Plan gathered force as a result of post-war political conditions. The Plan acted on several different fronts to provide direct economic and financial assistance, pardon debts incurred during the war, and open markets. It made possible the greatest economic recovery in modern history, and a major beneficiary turned out to be the United States, the principal donor, which not only reaped strategic advantages, but also enjoyed the effects of exploding European demand on its own economy in an environment of trade liberalization.

The Alliance for Progress was also based on heavy financial assistance and support for structural reform. Even so, the emphasis was on domestic market development, and programs did not specifically

address trade liberalization. Even though the impact of this initiative cannot be compared with that of the Marshall Plan, and assessments of its final outcome have been contradictory and incomplete, the Alliance clearly contributed to the favorable economic performance achieved during the period. It stands as an important precedent that merits further study.

A glance at these two past experiences can give us an idea of what a plan of this type could look like, under the best of conditions. Today's international milieu, unlike that which surrounded these two initiatives, does not necessarily lend itself to such far-reaching support. This means the Plan should rest more on a mobilization and better use of regional resources, without overlooking the possibility of securing external resources.

2. The region's commitment: needed changes and coordination of action

Another essential ingredient of the Plan is to decide which actions are needed in each country (or group of countries) to reactivate and modernize the agricultural sector, and to identify national resources that can be mobilized to this end.

It is essential to coordinate the actions of countries in the region and to set priorities among them, for two reasons. First, this will facilitate decision-making by donor countries and international funding institutions, for attracting resources and optimizing the use of available funds. Second, it will strengthen the process of regional and subregional integration, viewed as fundamentally important for any long-term development strategy in LAC countries. Therefore, the Plan will place top priority on multinational actions, although not to the exclusion of certain national projects.

Clearly, the countries themselves have to authorize the national-level actions and multinational work that will be undertaken. Therefore, these actions must be designed through a process of consultation to ensure that the Plan is politically viable. IICA is particularly well-placed to assume such a task, because its highest governing body (the Inter-American Board of Agriculture) is made up of representatives of the governments of LAC countries. Moreover, the Institute has set up offices and established firm institutional relations in all its member countries. This organizational structure will facilitate the operations and tasks involved in preparing the Plan and will provide a mechanism for consultation on the political consensus underlying different facets of the Plan.

Effective coordination of multinational activities will not be possible unless the Plan concentrates on specific subject areas, focusing on those problems that are most critical and are shared by several different countries. This will also help prevent dispersion of efforts and ensure a real impact for the initiative.

On the basis of the above, preparation of the Plan of Action is not limited to the drafting of a document. Quite the contrary, it involves beginning a participatory process to generate and disseminate ideas and proposals, that will lead to a consensus on the role agriculture can play in the social and economic development of LAC, and contribute to the identification of concrete actions for beginning to carry out this strategy. The consensus should include not only the different economic sectors of the countries, but also agencies and countries that provide technical and financial cooperation for development.

Thus, the Plan of Action is not to be seen as an initiative by any given institution, but rather a proposal by and for the LAC countries, which can involve the participation of all cooperation agencies interested in doing so.

B. Objectives

This is to be a true Plan of Action, rather than a simple study. Therefore, the overall objective in preparing the Plan will be to design a conceptual and operating framework within which to implement joint actions to reactivate the agricultural sector in the countries of Latin America and the Caribbean, and contribute to economic development.

The specific objectives are:

- a. To foster an understanding of general problems of agricultural development and alternative solutions, thus contributing to generating a region-wide line of shared ideas;
- b. To identify and propose an ensemble of actions to be conducted by individual countries and groups of nations, to solve concrete problems; and
- c. To ascertain the needs and opportunities for external cooperation in implementing these proposals.

A partial list of the major results anticipated from the preparation of the Plan could include:

- a. Thoughts and ideas kindled on problems of agricultural development and alternative actions for solving them.
- b. Forums held for discussion and exchange of ideas among technical specialists and officials of the countries, to explain ideas and bring the countries closer together.

- c. Publications prepared for broad circulation, providing information and training in problems and possibilities for agriculture in the region.
- d. Institutional mechanisms designed for coordinating action among countries and for channeling external resources in areas that are essential for the modernization and reactivation of the agricultural sector.
- e. A portfolio of projects, both national and multinational, identified and prepared: to be included, projects should have the support of countries involved, put forth concrete actions for the reactivation of agriculture, and specify local resources available as well as needs for external assistance.
- f. International sources of technical and financial cooperation (organizations, countries, etc.) identified, with descriptions of their operating approaches and a breakdown of those facets of implementation of the Plan that might prove interesting to them.
- g. The scope and content of the Plan broadly publicized in the countries of LAC and in developed countries, so as to contribute to the formation of a body of opinion on it and facilitate negotiations on its implementation.

IV. ORGANIZATION

IICA will have the primary responsibility for preparing the Plan, and for this purpose it will seek the participation of its member countries, agencies of the inter-American system and other specialized organizations.

An independent organizational structure will be established for conducting the study, comprising a Technical Group, an Institutional Steering Committee, an International Advisory Commission and a mechanism for consultation.

The Technical Group will have a small full-time team of a coordinator and consultants. It will also include the directors of IICA's five programs (Agricultural Policy Analysis and Planning, Technology Generation and Transfer, Organization and Management for Rural Development, Marketing and Agroindustry, and Animal Health and Plant Protection), the Assistant Deputy Director General for Operations, and the Director of Programming and Evaluation. Furthermore, international experts will be hired for specific, short-term tasks. This team will hold basic responsibility for preparing proposals and will be in charge of overall coordination of the various activities involved in preparing the Plan. The participation of IICA's technical units (the programs and the Investment Projects Center -CEPI) in the group will provide access to the Institute's full range of technical capacity.

The possibility also exists of inviting other technical and financial cooperation organizations (such as ECLAC, IDB, FAO, the World Bank, the OAS, and others) to take part in the preparation of proposals and base documents. Other participants could include the technical agencies of developed countries interested in providing technical and financial cooperation for the preparation and subsequent implementation of the Plan.

The Institutional Steering Committee will be made up of the members of IICA's Programming Committee, which includes the Deputy Director General, the Assistant Deputy Director General for Operations and the directors of all the operations centers. This group will provide regular follow-up on the progress of the Plan, monitor compliance with established timetables, examine whether proposals are consistent with IICA philosophy, and ensure that all the different Institute units participate as needed.

The International Advisory Commission will be made up of six to ten persons eminent in the field of agriculture, renowned for their ability and technical expertise. The Commission will not include people presently holding official positions in the countries of the region. Its duty will be to advise and guide IICA's activities, and it will meet at least three times during the period in which the Plan is being drafted.

The consulting process will take place through three kinds of meetings. The first, technical consultative meetings, will be attended by other agencies that cooperate with and fund agriculture. The second type of consulting mechanism will be directed toward the countries at the regional level and through subregional bodies (such as CARICOM, CORECA, JUNAC and others). The third forum will involve discussions with all the member countries of the Institute, to take place during meetings of the governing bodies (the Executive Committee and the Inter-American Board of Agriculture).

As a result of this process of consultation, the Plan, once completed, will already have the consensus of the countries in which actions will be taking place.

Plans also call for a process of information sharing, discussion and participation with the countries and organizations that will be providing external cooperation. This will be the first step toward initiating the procurement of resources, a task that will begin in earnest once the Plan has been approved by the countries.

V. ACTIVITIES AND TIMETABLE

Activities to be undertaken for the preparation of the Plan have been divided into two phases: "Development of a conceptual framework and identification of possible actions" (Dec. 1987 - Aug. 1988), and "Preparation of proposals for action" (Aug. 1988 - Aug. 1989).

This division reflects the logical sequence of activities involved in preparing the Plan, which requires a phase of conceptual analysis and detailed identification of possible areas of attention before proposals for action can be developed. It is also based on the timetable for consultative meetings. ICMA Recommendation X requires that the Plan be presented to the consideration of the regular meeting of the Executive Committee (scheduled for August, 1988). This constraint was an additional factor in scheduling the phases of the work and facilitating the process of consultation.

The work is expected to reach completion in August, 1989, and results will be discussed in the second part of the meeting of IICA's Executive Committee to take place from September 28-29, 1989. This will be the preliminary step toward its presentation to the Fifth Regular Meeting of the Inter-American Board of Agriculture, IICA's highest governing body, which will be held in October, 1989 in Brasilia. Appendix 1 gives a tentative table of contents, showing the final structure of the Plan of Action.

A. Development of the conceptual framework and identification of possible actions (Dec. 1987 - Aug. 1988)

Actions to be taken during the first phase will focus on three broad topics:

- a. Preparation of a conceptual framework for the development strategy, derived from work to be written up in other documents. This conceptual framework will be prepared for the purpose of further elaborating on some of the essential topics singled out by the Ninth ICMA, and to begin pinpointing possible actions to address them. Therefore, these documents should be devised in such a way as to guide future action and to outline experiences in which the countries have successfully undertaken actions in the areas under discussion. A preparatory phase of this process has already produced a number of basic documents to explain the scope and objectives of the Plan and to attract funding from the countries and international technical cooperation agencies.
- b. A strategy for joint action for each of the subregions in LAC. These strategies include an analysis of problems and opportunities in the agricultural sector and identify areas of concern for which joint actions in the subregion could be feasible.
- c. The design and implementation of mechanisms for consultation and discussion, to include a number of technical gatherings: with the LAC countries and agricultural cooperation and lending agencies; consultation meetings with the countries - at the national and subregional levels; and consultation meetings at the hemispheric level.

1. Conceptual framework: hemisphere-wide challenges for agricultural development

Activities under this heading include: preparation of a series of eight topical documents, to be published in book form during 1988. These documents will constitute a framework for conceptual analysis to be used in submitting proposals for joint action. In addition, other related topical documents will be prepared at a later date, and a series of basic documents will be put together to expound on the scope and objectives of the Plan, to be used in attracting resources for producing the technical documents.

The first of these basic support documents has already been prepared ("Guidelines for Preparation of the Plan of Action"), to describe the conception and organization of the Plan. This document received wide distribution and provided the basis for requesting overall financial support. A series of Project Profiles has also been prepared and submitted to various funding sources, specifically: i) Spain, "Demand and marketing channels for new products on the European market"; ii) France, "Experience with the design and implementation of agricultural policies in the European Economic Community"; iii) IDRC, "Agroindustry in the reactivation process"; and iv) the Federal Republic of Germany, in the area of agroindustry.

The topical documents are:

a. Macroeconomic policies and the agricultural sector

The purpose of this document is to provide a conceptual framework and empirical information to clarify the role macroeconomic policies play in the performance of the agricultural sector, with an emphasis on those that should be targeted when implementing the Plan. First, an analysis will be conducted of the overall problems faced by the region, and the nature of the macroeconomic policy. Then, an attempt will be made to put the role of agriculture in perspective within the economic system, and to ascertain the impact of macroeconomic policy on it. Next, reference will be made to the features and requirements of the institutional system and its coordination with macroeconomic and sectoral policy. Finally, and based on the above findings, proposals will be made for action to be taken, especially as regards training high-level personnel, upgrading institutional systems and inter-American cooperation. (Appendix 2 contains the table of contents of the document).

b. Agroindustrial development as part of the agricultural reactivation process

This document will analyze the region's potential for agroindustrial development and possibilities for increasing the added value on raw materials of agricultural origin. High priority attention will be paid to four matters in particular:

the problems and needs for industrial reconversion of "mature industries" (such as sugar cane); actions needed for promoting rural agroindustries; evaluation of the institutional structure already present in the countries, and needs for upgrading; and technological problems with agroindustrial development and alternatives for development of this sector (horizontal cooperation among countries of the region; meshing of public and private research systems between LAC countries and developed countries, and so forth).

This document will give a synthesis of various projects now in progress or soon to be undertaken by IICA's Program IV. The most important studies include:

- i. Agroindustry as part of the strategy for agricultural reactivation and economic development: prospects and needs.
- ii. Assessment of present-day experiences with rural agroindustry. This document is a synthesis of several others, written earlier, and the results of seminars on this topic.
- iii. Agroindustrial development and structural adjustment

A high-level seminar will also be held in January, 1989, in conjunction with the World Bank Economic Development Institute. The terms of reference for the documents can be found in Appendix 3.

- c. The role of the small-farm economy in the strategy for agricultural reactivation and development.

This paper should gauge problems of rural poverty in LAC, assessing their urgency and the feasibility of finding solutions. It will also analyze relevant experiences that have the potential of being adopted throughout the region. Special emphasis will be placed on analyzing and recommending policies to promote small-scale farming, a sector that produces a major share of total agricultural output, both for domestic consumption and for export. The interrelationships between the overall process of agricultural modernization and small-farm agriculture need to be evaluated, identifying policies and actions to encourage the participation of small farmers in reactivating agriculture and the economy of the region.

This document will synthesize the results of several different projects and of discussion and analysis meetings. The advance documents to be prepared as a basis for the final document will be:

- i. The first, "Rural Poverty in Latin America and the Caribbean" (see Appendix 4), describes the nature of rural poverty, analyzes policies for fighting poverty and puts forth new conceptual policy proposals.
- ii. The second contains an analysis of the structure and dynamics of rural poverty and describes factors that should be included in a strategy to counteract rural poverty. It also gives a detailed analysis of how to fit the problems of small farmers into a strategy for reactivating and modernizing the agricultural sector.
- iii. The third is a policy document that analyzes the consequences and results of rural development policies, assesses the impact of the crisis on small-farm agriculture, and makes policy proposals for rural development (see Appendix 5).

The work will be further enriched with the results of an international seminar slated to take place in September, 1988, to discuss the topic of rural development and the strategy for reactivating agriculture (see Appendix 6).

- d. Modernization of the public sector for reactivation and agricultural development

This document will cover two major areas: upgrading and strengthening national capabilities for formulation and follow up of sectoral policy and its connections with overall policies; and modernization of the agricultural public sector that lends support services (state enterprises and institutions). The document will identify and evaluate the critical areas in which actions should be designed. It will also lay out the specific needs - technical (training, assistance, etc.), material and institutional - for making government action more efficient in the rendering of services and in guiding economic activity. (Appendix 7)

- e. Market access and intra-regional trade

This analysis will focus on three concrete issues that are critical for improving the external market position of LAC countries: the situation of intra-regional trade and multilateral trade negotiations; the prospects and potential for nontraditional exports; and mechanisms for cooperation and integration in agriculture as a possible response to the crisis. The first issue requires an analysis of the parameters and conditions surrounding trade in the region, as well as the results and options emerging from regional and international cooperation mechanisms. The study will also address the possibilities for regional and subregional integration in LAC in the area of trade. The second issue calls for a detailed

understanding of the opportunities available through international markets, particularly in the United States, Canada and Europe; product requirements in terms of volume and quality; marketing channels; tariff and nontariff barriers confronting LAC products in these markets; and the possibilities for joint investment with enterprises that have access to the markets. The latter requires an analysis of the different mechanisms and policies that would be available to the countries of the area in the context of today's crisis, especially the revitalization of mechanisms for cooperation and regional and subregional integration in the agricultural sector.

Findings made available from other analyses conducted simultaneously (see other topical documents), as well as a document offering a diagnosis and perspectives to be developed by Program IV (see preliminary table of contents in Appendix 8) will be used as inputs for this study.

- f. The role of technological change in reactivating the agricultural sector

The first part of this document will provide a conceptual framework on the role of technology in the agricultural sector. It will describe the status of agricultural technology in Latin America and the Caribbean as concerns: i) products, ii) countries and groups of countries, iii) types of agriculture, as well as the outlook for the future in terms of technological possibilities in each sector. Next, the main constraints and areas of opportunity for agricultural technology are analyzed, including: the effects of macroeconomic and sectoral policies, institutional systems concerned with the supply of new technology, mechanisms for technology transfer and dissemination, potential and needs in the area of biotechnology, and international cooperation and transfer of technology. The analysis will consider the main institutional and scientific developments as pertains the need for technology in the reactivation process. On the basis of these findings, identification will be made of possible areas of action in terms of specific policies and projects at the national or multinational levels. Finally, a strategic summary will be given on the subject of technology generation and transfer, with emphasis on the interaction between actions and proposed projects.

The results of the seminar to be held on this subject under the auspices of the World Bank's Economic Development Institute (EDI) will be included here.

- g. Investment and mechanisms for mobilizing productive capital. (See Appendix 10)

This document will provide a two-pronged analysis. The first section will be comprehensive with a diagnostic study, analysis

of proposals to increase investment and a study of the institutional system for channeling resources. The second will target the different subregions and contain an analysis of the role of agricultural investment in the strategy for upgrading agriculture in each zone. It will lay the groundwork for preparing an investment plan to support the reactivation of agriculture in the region. (See table of contents in Appendix 12).

h. Human resources and basic services in the modernization of agriculture

This paper highlights the vital importance of training and the consolidation of "human capital" consisting of human resources working at different levels of responsibility in connection with the agricultural sector, in agricultural development and modernization.

It will include a conceptual analysis of the importance of human resources to agricultural development, the situation in LAC and suggestions for possible areas of action.

The results of these studies will give rise to the final activity under this heading; the identification of possible areas for joint action, at both the hemispheric and intersubregional levels. The former would affect all the countries of the region, while the latter would be for groups of member countries pertaining to more than one subregion. A further purpose of this activity will be to help generate ideas for solving the problems in LAC, and contribute to present-day thinking on the problems of the area. Specifically, a book will be published containing the different technical documents, as a means of attaining these objectives.

Other topical documents are described below:

a. Identification of market niches in the United States and Canada

This paper will study the possibilities and characteristics of North American markets and demand for a select group of products with high export potential from LAC. The main features analyzed will be:

- i. Quantification of the evolution and magnitude of demand in these markets;
- ii. identification and definition of market requirements and marketing procedures;
- iii. determination of possible barriers for entry of these products;
- iv. identification of possible coinvestments of external and Latin American capital.

b. Identification of market niches in Europe

This study will be the same as above, only it will target certain EEC countries (See Appendix 11).

c. The experience of the European Economic Community in designing and implementing a Common Agricultural Policy

This paper will make a detailed analysis of relevant experience from the process to formulate and negotiate the Common Agricultural Policy (CAP). On this basis, agricultural policy matters pertinent to the LAC countries will be identified, so as to take advantage of the European experience. (See Appendix 12)

2. Joint strategies for reactivating and developing the agricultural sector in each subregion

During this phase, joint strategies will be formulated for the different subregions of LAC. These will provide a frame of reference and a point of consensus for proposing an ensemble of subregional programs of action.

The following subregions will be included:

- Central Area, including the countries of the Central American isthmus, the Dominican Republic and Mexico ^{1/};
- Caribbean Area, including Antigua and Barbuda, Barbados, Dominica, Grenada, Guyana, Jamaica, Haiti ^{2/}, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago;
- Andean Area, with Bolivia, Colombia, Ecuador, Peru and Venezuela; and
- Southern Area, made up of Argentina, Brazil, Chile, Paraguay and Uruguay.

Different strategies will be proposed for each of these subregions, on the understanding that, while similarities may exist among these economies (which would make it possible to propose certain actions of hemispheric scope), the differences among subregions are significant and merit special attention.

^{1/} For the Central Area the cases of the 7 relatively smaller countries (Central American isthmus and the Dominican Republic) will be analyzed separately from Mexico.

^{2/} Haiti will be analyzed separately.

Even so, the basic premise of the Plan of Action is the importance of taking action as a group, and this is what lies behind the proposals for a subregional and intersubregional approach. The latter is closely related to the evident advantages of cooperation or integration among member countries from different subregions in dealing with certain matters for which a joint approach is imperative. At the same time, there is an awareness that structural differences continue to exist among the different countries of each subregion; but they are not severe enough to mask the shared context or geopolitical environment which inspires the preparation of subregional proposals. Because these differences are being taken into account, plans should also allow for differentiated actions even inside each subregion.

The strategies will include four major components (see tentative agenda in Appendix 13):

- a. a diagnostic study of the overall situation in the economy, how it has evolved and the impact and implications it holds for the agricultural sector;
- b. an analysis of past experience and the present situation for macroeconomic and sectoral policies in each country;
- c. the subregional, institutional and trade contexts, and their implications for the implementation of joint activities; and
- d. similar circumstances and motivations for devising a strategy on the role of the agricultural sector in economic reactivation and development. These shared circumstances and motivations could include common objectives, the central features of the strategy, instruments available and criteria for using them, and the identification of areas holding high priority for conducting joint actions. The latter will be the core issue in these documents. It will lay the groundwork for framing the programs, projects and institutional mechanisms to be put forth for reactivating the agricultural sector in each subregion.

A working team has been set up for performing these activities in each subregion. It is made up of the IICA Coordinating Group and ad hoc consultants and will receive support from IICA Representations and the following subregional agencies: CORECA (Central Area), JUNAC (Andean Area), CARICOM (Caribbean). In the Southern Area, a meeting of Viceministers will be held for ad hoc consultation.

3. Mechanisms for consultation and discussion

These are all the points of contact and actions designed to build consensus and support by the countries and key agencies for the preparation and implementation of the Plan. Three types of meetings are envisaged:

- a. Technical consultative meetings, to be attended by technical experts from the countries of LAC and from other agencies engaged in cooperation and financing of agriculture. The following meetings are scheduled:
- International Advisory Commission, from April 18-19 and August 8-9, 1988; two other meetings are planned.
 - Interagency consultative meeting. August 16-17, 1988; and others yet to be scheduled.
 - Technical meetings and seminars mentioned earlier (See appendixes on the preparation of topical papers).
- b. National and subregional consultations with the countries. The subregional meetings will take place through discussion and participation in subregional forums, such as CARICOM, CORECA and JUNAC. In the Southern Area, where no forum is in existence, IICA held a first consultative meeting where it was agreed to continue with the mechanism and hold at least two more consultative meetings.

Three meetings of vice ministers and ministers of agriculture have already taken place: CORECA, JUNAC and CARICOM; at which time reports were given of progress made in preparing the Plan.

- c. Hemisphere-wide consultative meetings, to take place during the meetings of the governing bodies of IICA (the Executive Committee and the IABA).

The Eighth Regular Meeting of the Executive Committee will take place August 1-5, 1988. The Committee will meet again in June 1989 and the IABA in October of that year.

B. Preparation of proposals for action (1 Aug. 1988 through 1 Aug. 1989)

Based on the outcome of the first phase, this period will provide an opportunity to prepare more detailed action proposals. Three basic types of action will be included, which differ in terms of scope as well as characteristics.

The scope of the proposals implies two different levels of implementation: hemisphere-wide or intersubregional, and subregional. In the first group, suggested actions involve all the countries of LAC or of a group of countries representing more than one subregion. In the second type, action affects all or some of the countries in a single subregion.

The hemisphere-wide proposals will require a process of preparation and consultation throughout the region, while the subregional proposals will need close interaction with the

governments concerned before they are formulated. This is why the IICA Representatives in all the member countries will have an active role to play, as they are the level at which agreement is reached with local authorities (through National Commissions or some other mechanism) concerning the preparation of programs of action.

As for the characteristics of the proposals, three different types of action can be distinguished: institutional mechanisms for coordination among countries and with sources of external cooperation; programs; and projects. All will lead to the implementation of activities for reactivating and modernizing the agricultural sector.

The action proposals will be relatively more or less detailed depending on the type of action concerned and on the extent of consensus achieved among the participating countries and the speed with which consensus is achieved. For example, projects may well be presented as brief profiles, rather than in fully finished form.

In all the cases, efforts will be made to quantify the funding requirements. A document will be prepared on overall investment needs. For each subregion, a detailed analysis will be performed of resource needs and availability, identifying the institutional system for channeling financial resources and proposing institutional alternatives to guarantee continuity in formulating investment projects.

In the area of external cooperation, attention will be paid to both financial and technical assistance. Proposals will be identified which can succeed in coordinating program and project action with external cooperation.

These activities will be performed by a team made up of people who worked on Phase I, together with other specialists in project writing, hired as consultants. The IICA Representatives in the countries will also take part, as will the CEPI group and employees of other organizations active in the agricultural sector.

Proposals for action prepared during this phase will be subject to a process of discussion and consultation to include:

- a. At least one consultative meeting with the countries at the subregional level.
- b. National-level working meetings.
- c. Meetings for sharing information and ideas, with the participation of potential donors.
- d. At least two meetings of the International Advisory Commission.
- e. Presentation of the Plan for consideration by the Executive Committee and the Inter-American Board of Agriculture (the latter in October, 1989).

Once the plan has been examined by the Board, implementation can begin. It is important to reiterate that 1989 will mark completion of the initial design of the Plan of Action. Work can then begin for carrying out the recommended actions, and it will be essential to have mechanisms for evaluation and follow-up, as well as others for generating new proposals for action that will give continuity to the Plan. As conditions in the environment undergo major shifts, or as objectives in the countries change, it may become necessary to reformulate some of the actions included in the Plan, add more, or eliminate some. Consequently, in order to provide for and consider these alternatives, preparation of the Plan will also include guidelines for implementation.

Appendix 14 presents the general timetable for the various activities included in the preparation of the Plan of Action.

THE OTTAWA DECLARATION

THE OTTAWA DECLARATION

1. Discussions during the Ninth Inter-American Conference of Ministers of Agriculture have been carried out in the steadfast conviction that we must seek out new direction that will lead to economic and social development for our peoples as a firm foundation for peace and democracy in our region, and firmly believing that dialogue and solidary action are the best tools at our disposal for accomplishing the common task to which we must all commit ourselves. Consequently, we support the efforts on behalf of peace throughout the hemisphere and the recent progress in this direction in Central America, as peace is one of the essential conditions for meeting the legitimate aspirations of the countries of Latin America and the Caribbean to socio-economic prosperity, which is a basic premise for agricultural production and development.

Inspired by these principles, we deem it timely to approve this declaration which sets forth our most pressing aspirations and concerns, as well as pointing out the areas and priorities where action is most urgently needed.

The majority of our countries are presently facing a crisis, the magnitude and extent of which had not been seen in the last ninety years. To deal with this crisis, we have to make profound changes in the traditional concepts concerning economics and development that have prevailed in our countries for many years.

These changes touch upon medium- and long-term strategies, proximate economic policies, and the relative importance which the various sectors have in revitalizing our economies. The analysis of these topics, to which we have devoted a large part of our deliberations, represents without doubt, a significant step towards our taking those actions which will enable our countries to resume the path of growth and overcome poverty, malnutrition and resultant lack of development.

Agricultural Modernization: Key to a New Development Strategy

2. In the context in which our economies operate today and will continue to operate in the future, agricultural modernization and diversification must constitute a key element of strategies for economic revitalization and development in our countries. The increase in productivity which such modernization entails, together with wide distribution of its benefits, lay the groundwork for an approach to economic development capable of exercising a strong multiplier effect on the rest of the economy, while immediately benefiting the great mass of our poor and indigent who live in these same rural areas.

The Need for Change in External Conditions

3. Improvements in the international milieu are critical to agricultural modernization and to the contribution of the sector to economic reactivation in the countries of Latin America and the Caribbean. Furthermore, the agricultural sector must be given high priority in each country.
4. It is vitally important to develop new alternatives for solving the foreign debt problem and to achieve an international consensus that will substantially remove restrictions and distortions of agricultural trade and allow our countries to reap the benefits of their greater comparative advantages in agricultural production. We applaud the outcome of the GATT Meeting of Ministers at Punta del Este for providing a sound foundation for agricultural trade negotiations in the Uruguay round and the recent declaration by the OECD countries in favor of reform in agricultural policies and normalization of trade practices. However, we are concerned by the contradiction between this progress on the rhetorical plane and the persistence and likely intensification of protectionist practices. We hereby manifest the urgent need for stated political will to be translated into effective action, as the Cairns group has repeatedly urged, and we agree that the present GATT round provides an exceptional opportunity to attain this objective.
5. The international community can, by facilitating a more liberalized and transparent agricultural trade environment, contribute to economic development and, by extension, encourage social peace and political stability in the countries of the hemisphere.

Similarly, the reactivation of the region's economy would bring about an increase of imports, thus exerting a beneficial effect on developed economies and on the other developing countries and favoring the reestablishment of the world economy.

Needed Adjustments in Overall Domestic Policies

6. 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.
7. Macroeconomic policies are affecting agriculture to an ever-increasing degree. It is necessary to ensure that these policies are compatible with the objectives of agricultural modernization, and that they enhance relationships among the different sectors by eliminating biases and favoring the growth of agriculture and industry jointly. Thus we

reconfirm the desirability of modifying the institutional mechanisms for formulating economic policy in many of our countries, in order to ensure that the public agricultural sector will play a suitable role in defining the overall economic policies that affect agriculture.

8. The modernization of the public sector is a necessary condition for agricultural modernization in many of our countries. Public services and government economic activity need to meet competitive standards, and the task of guiding agriculture must be performed efficiently. Among other activities we need to redefine areas of government action and improve ties of complementarity with the private sector. It is also important to revise legal standards that govern public sector activities, improve administrative and business skills for public management and encourage the decentralization of operations where this may be advisable. International technical and financial cooperation must grant high priority to cooperating with our countries in this important task.

Modification of National Sectoral Policies

9. For the majority of our countries, the incentive policies governing the operations of different economic agents must be readjusted to an overall economic context, characterized by increasingly competitive markets and the shortage of local resources. It is necessary to improve efficiency and competitiveness of agriculture, and for this purpose, sectoral policies on pricing, investment, and taxes should very clearly give priority to promotional activities, encourage mechanisms for healthy private competition, and favor an equitable distribution of earnings. The strengthening of local skills for analysis and evaluation of agricultural policies is a high-priority task which will require the support of international organizations.
10. It is essential for all countries of IAC to have the assurance of steady, growing access to technological innovations, as this will be an increasingly definitive factor in establishing competitiveness on external markets. The development of biotechnology, and other scientific and technological advances with an enormous potential impact on agricultural production signal the need to educate ourselves to make optimum use of emerging technologies. Despite any present difficulties, we must guarantee a sufficient, stable flow of budgetary resources for the institutions in our countries responsible for generation and transfer of technology. At the same time, we must improve their organizational structures and administration, enabling them to make more efficient and effective use of their human and financial resources.

Similarly, we must deepen horizontal cooperation among our countries and with the international technical cooperation agencies and financial institutions, and must revise and restructure our ties with the international technological system so as to ensure more efficient, coordinated use of available resources. Joint action among the countries

of Latin America and the Caribbean is one of the best alternatives available to us for meeting this challenge which, because of its nature and magnitude, exceeds national capabilities.

11. Once again we wish to renew our commitment to do away with rural poverty. We are convinced that the poverty of a large part of the farmers in many of our countries cannot be overcome using isolated or partial measures, but rather through integrated action which allows these groups to join the process of modernization and development. Our efforts should be directed towards training and organization of the rural poor so as to allow them suitable access to the know-how and production factors - particularly ownership of land, appropriate technology and credit - which, together with support for adequate infrastructure and marketing support, make up the list of elements which can ensure sustained development. The design of specific strategies to facilitate this process is a central feature of the overall strategy for agricultural modernization, since increased earnings for small farmers will have a dynamic effect on the economy.
12. The elimination of poverty, especially in its most extreme forms, also requires specific measures aimed at increasing the food security of broad segments of the population, in the sense of ensuring continuous access to an adequate diet and proper nutrition. We know that one of the best ways of achieving this goal is through production programs which, while they increase the food supply, also help to increase the level of capitalization and the demand capacity of the poorest families, especially those of subsistence farmers, through job creation, organization, training and the establishment of infrastructure.
13. Realizing the significant role played by women in the overall development process of our countries, as a driving force in production and consumption by family units and as key agents in improving health, welfare and education, we welcome their growing participation in rural development programs and in the war on poverty.
14. Recognizing that young people make up an extensive and important segment of the rural population, as well as a vital force for progress in our countries, we must redouble our efforts to promote training and participation of rural youth in agricultural programs and production, bolstering their commitment to the agricultural sector and thereby contributing to the integrated development of the rural family.
15. International financial organizations should be encouraged to strengthen their contribution to the development of agriculture by increasing the flow of different types of financing. The sectoral adjustment programs being developed by some of these agencies can serve as a useful alternative for financing the changes required for agricultural modernization, provided they are made flexible and take into account the specific characteristics and needs of each country and the anticipated impact on different production groups. This is why it is essential for

the public agricultural sector to be present in the design of sectoral adjustment programs. These programs must also include funds for technical assistance in policy preparation and implementation, as well as investment programs by which to implement the changes agreed upon.

The Role of International Cooperation and Regional Integration

16. International cooperation has the potential to make a substantial contribution to the development of agriculture in our countries, and this potential can be tapped if the numerous mechanisms already in existence today are reinforced by large contributions of technical, financial and other resources, and if the use of these resources is improved. We believe that the reduction of agricultural protectionism, and increased international cooperation could make an immeasurable contribution towards greater equity and rationality in international economic relations.
17. We would like once again to stress that regional economic integration in the countries of Latin America and the Caribbean, whether it is brought about through existing institutional mechanisms or by other means designed for this same purpose, is a key to solving the problems we share. Agricultural modernization in our countries will advance more quickly if we work together, combining our efforts so as to achieve together what we cannot achieve working alone. The reactivation of intraregional trade, agreement in trade negotiations, and horizontal cooperation in the field of technology are only a few of the many lines of action we must pursue as soon as possible. The regional cooperation agencies can and must play a fundamental role by supporting our shared efforts for agricultural modernization and economic and social development.
18. The difficulties which the relatively less developed smaller countries of the region have in mobilizing the human and financial resources required for development of the agriculture sector is of particular concern to us. The small scale of the economies of many countries in Latin America and the Caribbean seriously limits their ability to gain suitable access to technology, manage the necessary investments to develop their productive and marketing infrastructure, and find solutions to a series of difficulties which prevent them from overcoming problems of rural poverty with which they are saddled.

Although each country is responsible for defining and implementing its own solutions to these problems, the introduction of joint undertakings in areas of common interest will assuredly become a key element in any strategy designed to make better use of the scarce resources available. Accordingly, we make a special appeal to the international financial and technical aid organizations, and to the other countries of the hemisphere, asking them to give special priority to supporting the smaller and relatively less developed countries of Latin America and the Caribbean and, above all, to fostering joint activities among groups of such countries at the subregional level.

RECOMMENDATION NO. X

RECOMMENDATION NO. X

Recommendation No. X

Strategic Plan of Joint Action for Agricultural
Revitalization in Latin America and the Caribbean

The NINTH INTER-AMERICAN CONFERENCE OF MINISTERS OF AGRICULTURE,

CONSIDERING:

That the declaration and recommendations developed in this, the Ninth Inter-American Conference of Ministers of Agriculture, cover a broad spectrum of issues and initiatives, and are addressed to various regions, subregions, organizations, as well as member countries;

That all the countries of the hemisphere agree on the need for reviving and modernizing agriculture, and that to this end, they have indicated their willingness to coordinate their work at the regional and subregional levels, and to increase North-South cooperation;

That increasingly, international technical and financial cooperation must be implemented on a multilateral rather than just a national basis, in order to ensure a greater impact on the regional economy and greater efficiency and a broader multiplier effect of the resources committed;

That specialized technical agencies, national governments, and other institutions have conducted and continue to conduct technical studies on the problems of agriculture and rural development in the countries of Latin America and the Caribbean, providing an excellent basis for the design of joint action to revitalize the agricultural sector;

That there is an operational need for a framework that will provide consistency to existing and new initiatives to revitalize the agricultural sector in Latin America and the Caribbean countries;

That such a framework would help to ensure that the translation of our recommendations into action is coordinated for maximum complementarity and synergy;

That there is a need to establish a framework that will give impetus to the further development of each of the program areas in IICA's Medium Term Plan; and

That the prioritization and coordination of actions under such a framework would facilitate the decisions of donor countries and international financial institutions, and serve to attract and make better use of funding,

RECOMMENDS:

1. That the IABA charge IICA with developing, in collaboration with member countries and the other specialized agencies, a strategic plan of joint action in support of agricultural revitalization and economic development in Latin America and the Caribbean based on the foregoing guidelines, and with a focus on:
 - i. joint actions among countries, at the regional and subregional level, to resolve concrete problems;
 - ii. maximizing the complementarity and synergy of the diverse initiatives to revitalize the sector;
 - iii. the required technical and financial support from donor countries and agencies;
 - iv. suggested mechanisms for inter-institutional coordination;
 - v. setting of priorities for all joint actions and initiatives so to use available resources to the greatest advantage.
2. That the draft Plan be submitted for the consideration of the Executive Committee at its regular meeting to be held in 1988 as a preliminary step to its implementation.
3. That the IABA request IICA to procure the resources needed to fund the design of the Plan.

APPENDIXES

APPENDIX 1

PLAN OF JOINT ACTION FOR THE REACTIVATION AND DEVELOPMENT
OF AGRICULTURE IN LATIN AMERICA AND THE CARIBBEANI. BACKGROUND

A. Summing up the Mandate of Ottawa

1. Agriculture as the pivot of economic reactivation
2. Towards "modernization with equity"
3. Regional integration as an economic tool and a political objective

B. Conclusions of the FAO study

II. CONCEPTUAL FRAMEWORK: SHARED CHALLENGES FOR AGRICULTURAL DEVELOPMENT

Introduction: The role of agriculture in the general context

A. Domestic challenges for Latin America and the Caribbean

1. Macroeconomic policy and the agricultural sector
2. Agroindustrial development: ideas for a new intersectoral strategy
3. The role of the peasant farm economy in the agricultural reactivation and development strategy
4. Modernization of the state, and institutional reform in the agricultural sector

B. "Shared" challenges

5. Access to markets and intra-regional trade
6. The role of technological change in agricultural sector reactivation
7. Investment and mechanisms for mobilizing productive capital
8. Human resources and basic services in agricultural modernization

Conclusions: General framework and identification of areas for hemispheric action

III. OPERATIONAL FRAMEWORK

1. Geographic scope of proposals: hemispheric, intra-regional, subregional
2. General estimate of requirements for cooperation and identification of potential sponsors
3. Operational guidelines for implementation

IV. PROPOSALS FOR HEMISPHERIC AND INTRASUBREGIONAL ACTION

1. Institutional mechanisms
2. Programs
3. Projects

V. SUBREGIONAL PLANS FOR JOINT ACTION

A. Central Area

1. Framework for the definition of joint action
 - a. Diagnosis and identification of specific conditions by subregion. Situation of intra-regional trade and of subregional integration mechanisms.
 - b. Agricultural reactivation and how it affects economic development in the countries of the area. Economic and sectoral policies.
 - c. Common features of national strategies for agricultural reactivation and development.
 - d. Identification of high-priority areas for joint action.
2. Subregional action program
 - a. Guidelines for an investment plan
 - i. Capital needs and sectoral growth

- ii. Investment strategy
- iii. Criteria for defining high-priority areas
- iv. Institutional requirements
- b. Guidelines for external technical cooperation
- c. Proposed projects and project profiles
 - i. Technical cooperation projects
 - ii. Networks and cooperative programs
 - iii. Investment projects
 - Infrastructure
 - Production

B. Caribbean Area

- 1. Framework for the definition of joint action
 - a. Diagnosis and identification of specific conditions by subregion. Situation of intra-regional trade and of subregional integration mechanisms.
 - b. Agricultural reactivation and how it affects economic development in the countries of the area. Economic and sectoral policies.
 - c. Common features of national strategies for agricultural reactivation and development.
 - d. Identification of high-priority areas for joint action.
- 2. Subregional action program
 - a. Guidelines for an investment plan
 - i. Capital needs and sectoral growth
 - ii. Investment strategy
 - iii. Criteria for defining high-priority areas
 - iv. Institutional requirements
 - b. Guidelines for external technical cooperation

c. Proposed projects and project profiles

- i. Technical cooperation projects
- ii. Networks and cooperative programs
- iii. Investment projects
 - Infrastructure
 - Production

C. Andean Area

1. Framework for the definition of joint action

- a. Diagnosis and identification of specific conditions by subregion. Situation of intra-regional trade and of subregional integration mechanisms.
- b. Agricultural reactivation and how it affects economic development in the countries of the area. Economic and sectoral policies.
- c. Common features of national strategies for agricultural reactivation and development.
- d. Identification of high-priority areas for joint action.

2. Subregional action program

- a. Guidelines for an investment plan
 - i. Capital needs and sectoral growth
 - ii. Investment strategy
 - iii. Criteria for defining high-priority areas
 - iv. Institutional requirements
- b. Guidelines for external technical cooperation
- c. Proposed projects and project profiles
 - i. Technical cooperation projects
 - ii. Networks and cooperative programs

iii. Investment projects

- Infrastructure

- Production

D. Southern Area

1. Framework for the definition of joint action

- a. Diagnosis and identification of specific conditions by subregion. Situation of intra-regional trade and of subregional integration mechanisms.
- b. Agricultural reactivation and how it affects economic development in the countries of the area. Economic and sectoral policies.
- c. Common features of national strategies for agricultural reactivation and development.
- d. Identification of high-priority areas for joint action.

2. Subregional action program

- a. Guidelines for an investment plan
 - i. Capital needs and sectoral growth
 - ii. Investment strategy
 - iii. Criteria for defining high-priority areas
 - iv. Institutional requirements
- b. Guidelines for external technical cooperation
- c. Proposed projects and project profiles
 - i. Technical cooperation projects
 - ii. Networks and cooperative programs
 - iii. Investment projects
 - Infrastructure
 - Production

APPENDIX 2

MACROECONOMIC POLICIES AND THE AGRICULTURAL SECTOR

I. BACKGROUND

The overall framework that will guide formulation of the Plan of Action is derived from the proposition that "In the context in which our economies operate today and will continue to operate in the future, agricultural modernization and diversification must constitute a key element of strategies for economic revitalization in our countries. The increase in productivity which such modernization entails, together with wide distribution of its benefits, lay the groundwork for an approach to economic development capable of exercising a strong multiplier effect on the rest of the economy, while immediately benefitting the great mass of our poor and indigent, who live in these same rural areas." (Ottawa Declaration) A detailed overview of the proposals presented at the Ninth Inter-American Conference of Ministers of Agriculture is provided in the book "Reactivating Agriculture: A Strategy for Development," published by IICA.

The document titled "Strategic Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean: Guidelines for Preparation" will provide the framework and define the main topics to be covered in the Plan of Action.

One of the main topics addresses macroeconomic policies and agricultural development, seen as part of an overall development strategy in which agriculture plays a fundamental role.

II. PURPOSE OF THE DOCUMENT

The purpose of this document is to provide conceptual reference material and empirical documentation based on the individual experiences of the countries. This information can be used to explain the effect that macroeconomic policy has on agricultural sector performance, and highlight aspects that should receive the most attention when preparing the Plan.

III. COMPONENTS AND ORGANIZATION OF THE DOCUMENT

The document will be divided into four sections, each with a retrospective and prospective analyses that provides the basis for Plan proposals.

A. The nature of overall problems and macroeconomic policy

This section will concentrate on the following:

- a. Conditions in international product and capital markets, and in the "dominant" developed countries as factors that have influenced macroeconomic policy choices made in the region.
- b. The nature of the debt and the reasons it has become a main issue of concern; its implications, and the alternatives used by the countries to overcome the problem and channel more resources into investment.
- c. The context within which macroeconomic policies are prescribed, to respond to the overall goals of economic and social development in a given political situation, as well as multisectoral government spending requirements (education, health, defense, etc.) and fiscal policy needs.
- d. The growing pressure for short-term macroeconomic policy measures, which are inconsistent with development objectives and the stability required for fostering private investment.
- e. The role of the State in the crisis and the problems posed by restricting public spending: employment levels must be maintained and public investment needs served in order to attend to the basic needs of the poor, the unemployed and the malnourished.
- f. The impact of the economic crisis on income levels and food purchasing power, and its implications for food security.

B. The role of agriculture in the economic system and macroeconomic policy

This section will concentrate on the following:

- a. The general interrelation between the agricultural sector and the rest of the economy in the countries of Latin America, which should include intersectoral relations: industry, the labor market (earnings and consumption), and the credit and marketing systems. An analysis will be made of how to strengthen intersectoral relations through macroeconomic and sectoral policy, in order to stimulate agricultural sector development.

- b. Empirical evidence of how fiscal and monetary macroeconomic policies, adjustment policies, debt commitments, etc.; that address both agriculture and consumer purchasing power, have restricted the possibilities of reactivating agriculture.
- c. A conceptual framework for preparing macroeconomic and sectoral policies to reactivate the agricultural sector, within the context of the interrelations to be considered in the aforementioned analysis. This conceptual framework should also present proposals, for harmonizing macroeconomic policy with sectoral policies, with special reference to: the effect of exchange rate and trade policy on the sector; the effect of tax policy on the sector; and the structure of subsidies and fiscal spending allotted to agriculture, differentiating between products that can and cannot be transacted.
- d. The implications posed for structural adjustment programs by the role of the agricultural sector in the general development process, and the reforms necessary to enable these programs to contribute to a development process that reflects the potential of the agricultural sector. The following elements should be included: design of indicators to measure lack of adjustment or imbalances in the sector; analysis of possible contributions by agriculture to compliance with general objectives of adjustment programs; analysis of the possible effects of macroeconomic adjustment policies, and how these effects could endanger sectoral performance and impact future macroeconomic policies.

C. Institutional aspects of macroeconomic and sectoral policy links

This section will make reference to the following:

- a. The institutional scope for effective links both among sectoral policies and between sectoral and macroeconomic policies.
- b. The need to design and introduce an institutional system: multiplicity of institutions and actors; interdependence with other countries, and with economic, financial and production sectors.
- c. Characteristics of a desirable institutional system: purpose, functions, components and structure.
- d. A basis for designing and introducing the desired institutional system.

D. Elements of an proposal for action

This section, based on the elements envisaged in the previous sections, will present some proposals for action related to:

- a. Higher education in agricultural economics and economics to respond to the need for human resources equipped to design and implement policies under the aforementioned conditions.
- b. Strengthening national institutional systems at different levels, to equip them to conceptualize, design and execute policies that maximize the role of agriculture.
- c. Inter-American cooperation to coordinate macroeconomic and financial policies in the search for economic stability in the region.

APPENDIX 3

AGROINDUSTRIAL DEVELOPMENT:
IDEAS FOR A NEW INTERSECTORAL STRATEGY

I. BACKGROUND AND JUSTIFICATION

Preparation of IICA's Plan of Action is based on the idea that it is possible to propose a development scheme emphasizing modernization "with equity" in the agricultural sector, which strengthens or generates new kinds of agroindustrial linkages that increase multiplier effects on the overall economy. The potential to create forward and backward linkages in this type of activity is enormous. The positive effect on the trade balance per investment unit is greater than in any other sector. Recent studies show that the agricultural sector has more propensity to "resist crisis" than any other, and this propensity increases with the degree of sectoral diversification, when there is a greater degree of technological development, and when agriculture is more firmly integrated into the rest of the economy.

Agroindustry is comprised of a complex group of sectors. Activities include those associated with traditional exports, such as processing of coffee and sugar cane, and ultra-modern activities that are beginning to make intensive use of biotechnology and computer science, as in asexual reproduction, membranes, fermentation processes, etc., encompassing small rural agroindustry and making a significant impact on employment and income distribution.

In recent strategies, there has been no clear distinction among these sectors and those linked strictly to manufacturing or agriculture. In general, the dimensions and role of each have not been clearly defined, and as a result, no specific policies have been designed to promote modernization and growth in this area. In view of this, and in order to clarify this key aspect of the Plan of Action before actions are taken to draw up agroindustrial development projects, a group of activities must be carried out to increase understanding of the agroindustrial sectors in our countries, ascertain their contribution to economic development, and identify the need for designing and applying pertinent policies, in order to promote a style of agroindustrial development that meshes well with the overall development strategy.

Specifically, this project aims to fill gaps in our understanding of agroindustrial activity and its role in the development process.

II. CONTENTS OF THE DOCUMENT

The results of this document will form the core of a broad analysis on agroindustry, which will include other efforts underway or to be undertaken by IICA's Program IV. The proposed mechanism envisages preparing a central document and three support documents on the following subjects:

- a. Agroindustrial development as part of the agricultural reactivation strategy and economic development: outlook and requirements (central document).
- b. Evaluating experiences gained in promoting rural agroindustry.
- c. State-of-the-art in new technologies (biotechnology, information science, etc.) for agroindustry: present conditions and outlook.

A technical workshop will be held for discussing and validating the findings of these studies. The aforementioned will serve as an input for preparing a summary document on agroindustrial development in the process of economic reactivation.

The IDRC contribution will focus on three areas:

- a. the central document,
- b. the discussion workshop, and
- c. the summary document.

The document will contain the following:

A. The role of agroindustry in the production structure of the region

This chapter will provide a quantitative analysis of agroindustrial activity in the region, considering its share in the gross industrial product, its impact on employment, its effect on diet, and other indicators that can help define its present influence on the activities of the economic system. Besides the aspects related to structural insertion of agroindustry, backward and forward linkages will also be considered. This will allow for evaluation of the multiplier effects of the activity, impact on employment, fiscal income, exports, etc.

B. Diagnosis of the agroindustrial sector in LAC

An analysis of the principal sectoral trends in the agroindustry of LAC. Main characteristics of four types of agroindustry, according to the following classification:

a. "Mature" agroindustries and the need for conversion

A group of agroindustries have lost their vitality, and it is still unclear what type of development could help them to overcome stagnation. Thus, in addition to describing the situation, possible alternatives for conversion and modernization must be identified.

b. Agroindustries that offer "new" opportunities

Activities that allow for discovery of new potential markets; new opportunities, which, in order to be made use of, require a profound knowledge of the characteristics and potential of new products as well as the demands of new purchasers.

c. Rural agroindustry

These activities have important redistributive effects, especially on employment generation in rural areas. The products resulting from rural agroindustry can contribute to overcoming problems of food supply in areas that are relatively isolated from markets.

d. The agricultural inputs agroindustry

Traditionally, this group of activities has been excluded from analyses of agroindustrial problems. They have been included here because of the emphasis given to developing backward linkages (inputs, agroindustry) and forward linkages (agroindustry processing) that involve the agriculture sector.

In this effort to characterize LAC agroindustry, both conceptually and in an overall sense, secondary information that has been developed in an important group of countries in the region will be used. In other words this diagnostic will not attempt to reflect any specific reality in great detail but rather will provide an outline of the complex interworkings of the sector in the region.

C. Guidelines for designing agroindustrial policies

Traditionally, development of specific activities in the industrial sector was stimulated through policies that provided incentives for that sector as a whole. Sectoral development policies use very general instruments that are difficult to apply to the present situation, where conditions within a given sector vary widely. From the perspective of agroindustry, it is important to introduce a different view of policy design that takes into account far more specific and timely impact. Beginning with this idea, design of a series of nuclei to vitalize agroindustry

is planned. Each of these nuclei have similar, specific structures for accumulation, consumption, trade and types of enterprises. Below are examples of what could serve as nuclei for the vitalization of agroindustry.

- a. **Type 1 Nucleus:** Exports based on traditional agricultural exports

Given that each country has some primary export product that has been maintained over the long term, efforts are made to generate agroindustrial production linked to this nucleus of products, producers and agents that presently participate in the international market. This kind of nucleus would attempt to identify from among those already linked in some way to this activity, groups of entrepreneurs who would be receptive to the idea of expanding into new product lines and new markets. In these cases, and generally in all cases that entail a new activity on the international market, some type of marketing intelligence mechanism would have to be designed to narrow the range of options for marketing and technology, and from there, define policies.

- b. **Type 2 Nucleus:** Exports based on new developments in agroindustry

In recent years, largely because of the external crisis, groups of relatively important business leaders have formed to search for new activities, many of them involving agroindustry geared toward the international market. The work of the nucleus would entail identifying the groups with the brightest prospects and possibilities for growth, and encourage them to disseminate their experience, widely if possible. In these cases, the multiplier effects that can be hoped for from each selected enterprise development initiative should be taken into account.

- c. **Type 3 Nucleus:** Basic foods

In many countries of the region, there exist programs that supply basic products to supplement the diets of the poorest sectors of the population. However, there are few cases in which agroindustrial development strategies are designed to reflect these demands. In this kind of nucleus, where entrepreneurs have already been targeted, efforts would be made to broaden and increase the productive and technological efficiency of what is essentially a food strategy. It would be used as a point of departure to form a nucleus for agroindustrial vitalization.

d. Nucleous Type 4: Regional strategies

In cases where regional development strategies are being implemented, organizations have been created, funds allotted, etc. An attempt will be made to identify a group of potential enterprises or projects and provide them with the institutional support of a regional development strategy, promoting a nucleus to vitalize agroindustry. This type of nucleus can be useful for encouraging rural agroindustry.

D. Key areas for agroindustrial development

The key areas of agroindustrial development will, in good measure, be implicit as conditioning factors, or elements that constitute the policy guidelines that may emerge as a result of the vitalization nuclei. Two areas may be mentioned in which it will be necessary to establish certain guidelines for designing specific policies. They also apply to technology and human resources. With regard to the first, a series of decisions should be made about suggested levels of technological autonomy to be adopted in each situation where agroindustrial vitalization strategies are proposed. With regard to human "capital," emphasis should be given not only to the importance of technical personnel but also of the groups of entrepreneurs needed to promote market-oriented strategies.

The institutional environment is also a key element for applying agroindustrial development policies. Emphasis will be given to "modular" policies that can be easily assimilated into other development programs and do not entail high costs for bureaucratic structure. It will also be necessary to set basic guidelines for support of agroindustrial vitalization in agricultural technology institutes. Traditionally, these institutes have worked in isolation, which is an approach that no longer seems sustainable under present market conditions.

APPENDIX 4

RURAL POVERTY IN LATIN AMERICA AND THE CARIBBEAN

I. CHARACTERIZATION OF THE PROBLEMS OF RURAL POVERTY

1. The dimensions of rural poverty in Latin America and the Caribbean.
2. Rural poverty in the framework of overall critical poverty.
3. The roots of rural poverty and its urban implications.
4. The heterogeneous and specific nature of different population groups of small-scale producers and peasant farmers.
5. Problems of peasant farmers in the framework of the collapsing import substitution model and the international financial crisis.
6. Past and potential contributions of small-scale production in the development process in Latin America and the Caribbean.

II. ANALYSIS OF POLICIES TO FIGHT RURAL POVERTY

1. The consequences and discouraging results of agrarian reform and integrated rural development policies and programs for poorer population groups in agriculture; major causes.
2. Policies for agricultural modernization and their principal effects among small-scale producers and peasant farmers.
3. The impact of the foreign debt and the economic crisis on rural development policies and programs targeting small-scale producers and peasant farmers.
4. The implications of applying structural and sectoral adjustment loans to policies and strategies for reducing rural poverty.

III. NEW CONCEPTUAL POLICY PROPOSALS FOR FIGHTING RURAL POVERTY

1. The eminently political nature of anti-poverty programs in terms of priorities and social costs; clashes among different sectors of society.

2. Differential policies for small-scale producers and peasant farmers, based on the heterogeneous and specific nature of their socioeconomic characteristics.
- Consistency with macroeconomic policies, neither undermining them nor furthering them.
 - The role of peasant farmer organization and participation.
 - Complementarity between agrarian reform and rural development programs.
 - Specifications for price policies, credit policies, export incentive policies, and policies on technology generation and transfer for small-scale production.
 - Peasant farmer organization for agroindustry development.
 - Decentralization of public systems for the management of rural development.
 - The participation of nongovernmental organizations in rural development programs.
 - The nature of training for peasant farmers and for technical personnel engaged in rural development.

APPENDIX 5

RURAL DEVELOPMENT IN THE STRATEGY FOR AGRICULTURAL REACTIVATION

I. CONSEQUENCES AND RESULTS OF RURAL DEVELOPMENT POLICIES

1. Identification and description of rural development policies in Latin America and the Caribbean.

Agrarian reform, community development, production promotion programs, integrated rural development and others.

2. Policy approaches and how they evolved in the context of national models for rural development.

Conception, implementation, greater or lesser breadth based on the number of components and geographic coverage (arbitrary, regional or national) and description of stages of development.

Conditions necessary for policies to be carried out effectively.

3. Implications of policy conception

Institutional: how policy conception sidestepped a direct attack on the roots of rural poverty; how, for example, rural development policies evolved to replace agrarian reform, continuing to offer isolated, superficial solutions, not structured into national solutions.

4. Results of implementation

II. THE ECONOMIC CRISIS AND ITS IMPLICATIONS FOR SMALL-FARMER AGRICULTURE

1. The crisis of the import substitution model

- a. Effects of urban-industrial development on rural development (migration, price compression, mechanization, importation of inputs).

- b. Compensatory policies (integrated rural development and other programs).

- c. Small farm economies as a source of accumulation for the urban-industrial economy, and as a producer of exports.

2. Ineffectiveness of existing rural development policies (compensatory policies do not contribute to the development of a small farm economy).
3. Reactivating the agricultural sector in the context of the financial crisis and its effects on the small farm economy.
 - a. Setting priority exclusively on export agricultural production.
 - b. Cutbacks in public expenditures (affecting the formation of assets in the small farm sector).
 - c. Efficiency, productivity, equity.
 - d. Potential of the small farm economy in Latin America and the Caribbean.
 - e. Lack of policies for the small farm sector.

III. POLICY OPTIONS FOR RURAL DEVELOPMENT

1. Strategic principles

- Conceiving differentiated policies
- Increasing the availability of natural resources (land and water)
- The concept of rural and agricultural development
- The concept of mobilizing family labor
- Organized participation of beneficiaries
- The concept of training to increase awareness and production
- Participation of non-governmental sectors

2. Policy categories

- Access to land and water resources
- Generation, validation and transfer of appropriate technology
- Adequate, timely access to financial resources
- Access to domestic and external markets. Agroindustry
- Institutional strengthening of the agricultural public sector

APPENDIX 6

INTERNATIONAL SEMINAR ON
RURAL DEVELOPMENT IN THE STRATEGY
FOR REACTIVATING AGRICULTURE

I. PURPOSE OF THE SEMINAR

The situation presently found in the countries of LAC derives from the financial crisis, adjustment policies, protectionism and the clearly emerging limitations of development models that held sway in past decades. The resulting conditions are particularly acute among working class groups in both urban and rural areas. In such a context, it is imperative to upgrade diagnostic studies and formulate strategies and policies to propel reactivation of the agricultural sector as the crux of economic processes and of development.

A discussion forum is an essential first step toward upgrading our understanding of present problems and developing alternative policies for action in rural development. Such a forum must be attended by people with specialized technical views who can facilitate the process of reflection, understanding, and formulation of proposals that are appropriate to the present social, political and economic situation.

IICA's Program III (Organization and Management for Rural Development) is one of the five programs on which the Institute now concentrates its strengths so as to assist the countries through technical cooperation. Experience acquired to date needs to be juxtaposed with the new circumstances shaping political and strategic thought and program proposals, so as to suggest possible new directions and strategies for rural development in LAC countries.

It is in this context that IICA has undertaken to carry out the "International Seminar on Rural Development in the Strategy for Reactivating Agriculture." This seminar will provide inputs useful in redirecting and reconfirming high-priority lines of cooperation in the area of rural development. A second purpose will be to obtain appropriate and timely contributions for the Plan of Action that IICA must prepare by mandate of the Ninth Inter-American Conference of Ministers of Agriculture, held in Ottawa in 1987.

The Ottawa Declaration states, "In the context in which our economies operate today and will continue to operate in the future, agricultural modernization and diversification must constitute a key element of strategies for economic revitalization and development in our countries. The increase in productivity which such modernization entails, together with wide distribution of its benefits, lay the groundwork for an approach to economic development capable of exercising a strong multiplier effect on the rest of the economy, while immediately benefiting the great mass of our poor and indigent who live in these same rural areas."

"Once again we wish to renew our commitment to do away with rural poverty. We are convinced that the poverty of a large part of the farmers in many of our countries cannot be overcome using isolated or partial measures, but rather through integrated action which allows these groups to join the process of modernization and development. Our efforts should be directed towards training and organization of the rural poor so as to allow them suitable access to the know-how and production factors - particularly ownership of land, appropriate technology and credit - which, together with adequate infrastructure and marketing support, make up the list of elements which can ensure sustained development. The design of specific strategies to facilitate this process is a central feature of the overall strategy for agricultural modernization, since increased earnings for small farmers will have a dynamic effect on the economy.

"The elimination of poverty, especially in its most extreme forms, also requires specific measures aimed at increasing the food security of broad segments of the population, in the sense of ensuring continuous access to an adequate diet and proper nutrition. We know that one of the best ways of achieving this goal is through production programs which, while they increase the food supply, also help to increase the level of capitalization and the demand capacity of the poorest families, especially those of subsistence farmers, through job creation, organization, training and the establishment of infrastructure."

II. TOPICS OF THE SEMINAR

The topics selected for the seminar pertain to the crisis and rural development. They include an analysis of rural development policies and strategies for reactivating the agricultural sector. Specifically, they are:

- a) The small-farm economy in LAC
- b) Rural poverty
- c) Rural development policies: consequences and results for the small-farm sector
- d) The international economic crisis and its implications for the small-farm sector
- e) Strategic options and policy alternatives targeting rural development

The paper on rural poverty will provide information on the magnitude and causes of the problem; the different forms it takes in the subregions of Latin America and the Caribbean, and how it is characterized and represented among different population groups and in various geographic environments. This will cast light on differentiation in the sector and relative degrees of dependency on natural resources, labor and supplementary income-generating activities.

The presentation on the peasant farm economy will stress the true role played by this stratum in the overall economy of the countries, its productive function as a source of supply for domestic consumption and export, its quantitative weight in terms of total resources controlled by peasant farm groups, and the population involved. Also addressed will be the effects of the crisis and of structural adjustment policies, the resource base (what is available, what is lacking) and the potential of these production units as a group.

The topic on the consequences and results of rural development policies will be evaluated in terms of the different government-sponsored processes that have been carried out (areas of emphasis and strategies) whether as a result of proposals originating in each country, or with the guidance of external financing sources. Such processes will be viewed as compensatory measures triggered by the import substitution model. Analysis will also focus on the degree to which rural development projects take an integrated approach and on other manifestations of development policy put into action, whether incidentally, regionally or nationally.

The analysis of the topic on the consequences and results of rural development policies will begin by identifying the major policies that have ruled national decisions made by governments of the region. It will examine different policy approaches and how they evolve in the context of overall national development models, implications of their introduction, the results of implementation, and the ways in which they have helped make it possible to solve real problems.

The topic of the economic crisis and its implications will be studied as a function of the import substitution model and its effects on rural development and the peasant farm economy, all of which paints the picture of a cycle that has exhausted the potential of existing rural development policies. This will provide a basis for setting priorities to reactivate the agricultural sector in the context of the financial crisis and the effects on the peasant farm economy.

The strategic options for rural development will target different population groups suffering from rural poverty. This study will facilitate the design of strategic action proposals structured around differentiated policy alternatives, which are intended to encourage the development of especially productive services, with the result that small, organized producers might begin to participate in the political, social and economic decisions affecting them.

III. PARTICIPANTS

The seminar will be attended by technical specialists from the LAC countries. They should possess high levels of experience and international, national and institutional scientific competence. Also present will be staff members from international and regional technical and financial cooperation organizations, which pursue actions that are compatible with the purposes of the seminar.

Around 35 technical specialists are expected to participate in the seminar.

IV. ORGANIZATION OF THE SEMINAR

Each of the five basic topics will be presented for comment, study and discussion in the seminar.

The papers will be discussed, and a limited period will be set aside for explanations. Committees will examine the topics in more depth and make recommendations that will be used as a basis for the document on rural development being prepared by IICA for the Plan of Action.

The seminar will last three days. The documents will be presented on the first day, along with comments and explanations. Committee discussion of the topics will take place on the second day. Reports, conclusions and recommendations will be submitted on the third day.

APPENDIX 7

STATE MODERNIZATION AND INSTITUTIONAL REFORM
IN THE AGRICULTURAL SECTOR

I. PURPOSE OF THE DOCUMENT

This document will provide information on State modernization for the reactivation and development of agriculture to the IICA technical group preparing the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean. It will contribute to development of the general framework for the Plan and to identifying the possibilities for action for carrying it out.

II. JUSTIFICATION

The countries of Latin America and the Caribbean face a severe crisis, whose dimensions include not only the economic and financial aspects that have received most of the attention until now, but also fundamental concerns of a socio-political and institutional nature.

In order to confront the crisis it is imperative to recognize that although the crisis was precipitated by short-term phenomena associated with imbalances outside the economies of the region, its origin is of a less immediate nature. In effect, long-term structural factors linked to a development style that is very vulnerable to external factors established the conditions for its present manifestation.

It is known that in many countries of the region agriculture has great potential, not only to contribute to overcoming the crisis, but also to become one of the principle sources of economic growth and social well-being in the countries.

To fulfill this potential, a new model must be adopted for orienting the process of agricultural reactivation and development. It must include:

- a. Reconsideration of the role of the State, starting with true integration between the State and society, sustained in social dialogue among different social forces or key representative of all national interests, such that real participation is achieved from these diverse interests of local, regional and national levels of the government;
- b. Recognition that this social dialogue must lend itself to coordinated definition, implementation and adjustment of agricultural policies. In other words, the boundaries for coordinating agricultural reactivation and development are not limited to agriculture. They also include aspects of macroeconomic policy and the policies of related sectors that condition achievement of the desired results;

- c. This new type of model for orienting reactivation must contribute to a more effective mobilization of public and private efforts and resources to ensure the supply of services required for agricultural reactivation and development.

Within the framework of this proposal it is necessary to recognize that the State is a key actor in orienting the process of agricultural reactivation and development in the countries of the region. The State must thus play two roles: it must guide the development effort and promote social dialogue for dealing with conflicting interests.

In fulfilling this role, the State must--in the broadest sense--support ongoing and planned mobilization of key actors and institutions, since the achievement of the desired results depends in large measure on them. This mobilization of efforts and resources is needed for concerted definition and implementation of agricultural policy, which should establish how the different actors are to participate in the production and marketing of goods and which services they are to provide.

In this sense it should be mentioned that concerted action is to be understood not only as identifying conflicts, negotiating and reaching agreement but also as keeping commitments; for this, ongoing social dialogue between representative forces of diverse national interests is necessary.

Once the potential of agriculture and the role of the State in its reactivation and development have been considered, we arrive at the conclusion that undertaking action--direct action as well as training and research--to modernize or transform the performance of both public and private actors and institutions, as described above, is a necessary condition for effectively achieving increased agricultural production levels and rural well-being.

III. CONTENTS OF THE DOCUMENT

The subject will be developed in three ways. First, the overall role of the State in agricultural reactivation and development will be considered; second, the effectiveness of the mechanisms used to define, implement and adjust agricultural policies will be discussed, and third, the effectiveness of institutional mechanisms that provide services to the agricultural sector will be studied.

The document will be divided into six chapters. The first two are introductory: an executive summary and an introduction. The other four are the central chapters of the document:

- a. The role of the State in reactivating and developing agriculture
- b. The role of institutional systems in defining, implementing and adjusting agricultural policy
- c. The role of institutional systems in providing services to agriculture
- d. Bases for a strategy to strengthen the institutional systems responsible for reactivating and developing agriculture

Following is a guide that will be used for preparing each of the six chapters:

1. Executive Summary

This chapter will serve to interest the reader in the document. A summary of the contents of the work will be included, but greater emphasis and therefore more detail will be given on the conclusions and recommendations.

2. Introduction

This chapter will orient the reader with respect to the purpose of the document while at the same time explaining its structure.

The Declaration of Ottawa and the document "Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean: Guidelines for Preparation" should serve as a point of departure when establishing the purpose of the document. In addition, the impact of the work should be presented, and placed within the context of a larger effort geared toward reactivating and developing agriculture in Latin America and the Caribbean.

When presenting the structure of the document, reference should be made to the purpose of each chapter and the procedure followed during its preparation.

3. Chapter 1: The role of the State in agricultural reactivation and development

This chapter will: i) emphasize the importance of agricultural reactivation and development as a vehicle for confronting the crisis faced by the countries of the region; and ii) from there, propose the transformation of the role

of the State, both in terms of its relationship with society and as concerns its own institutions and their systems of operation, as a necessary condition for achieving the proposed agricultural reactivation and development.

This chapter will consist of the following sections:

- a. Characteristics of the organization and performance of the State apparatus with regard to agricultural trends in Latin America and the Caribbean.

-Inflexible central apparatus: rigid emphasis on procedures and inadequate means of adapting to results

-Uncoordinated State apparatus: sectoralization, disorderly growth--in quantity and power--of decentralized organizations or institutions and public enterprises; concentration in urban areas; limited participation of officials

-State apparatus detached from civil society

-Staff ranking problems

- b. The new agricultural/State reality in view of the economic-financial crisis and democratization

-Short-term factors: economic-financial

-Structural factors: socio-political

-Agricultural reactivation and development

-State modernization/reform: beyond mere reorganization, toward complex transformation or social change

- c. The need to coordinate an institutional system for agricultural reactivation and development

-The dual role of the State: To guide and to mobilize

-Institutional scope: macroeconomic and intersectoral contexts, agricultural sector, decentralized organizations or institutions, public enterprises, regions and municipalities, programs and projects

-The criteria of effectiveness: technical-economic efficiency and socio-political efficacy

4. Chapter II: The role of the institutional system in defining, implementing and adjusting agricultural policies

This chapter will: i) describe the institutional scope of agriculture in terms of content, and defined by types of expected results and the role of key actors in achieving them; ii) identify the different views these actors may have, according to their principal conflicts; and iii) from these, identify the factors that affect their resolution and thus the effectiveness of the respective mechanisms for the different spheres considered.

This chapter will consist of the following sections:

- a. The scope of agricultural policy: types of policies, results, and role of key actors
- b. The macroeconomic and intersectoral context
- c. Sectoral action
- d. Regional action
- e. Programs and projects

5. Chapter III: The role of the institutional system in providing services to the agricultural sector

This chapter will: i) describe the institutional scope for providing services to agriculture, in terms of content and defined by the types of results expected and the role of key actors in achieving them; ii) identify the different views these actors may have, in terms of their principal conflicts as pertains to service delivery style; and iii) from these, identify the factors that influence the effectiveness of the respective institutional mechanisms for providing services.

This chapter will consist of the following sections:

- a. Institutional scope for providing services to the agricultural sector: types, results and actors
- b. Decentralized organizations or institutions
- c. Public enterprises.

6. Chapter IV: Bases for a strategy to strengthen the institutional system of the agricultural sector

This chapter will attempt to pinpoint the basic elements of a strategy to strengthen the institutional system in support of agricultural reactivation and development. An analysis of the conclusions of the preceding chapters should serve as a point of departure.

With this base, proposals should be made regarding fields of action and subjects or aspects that should be upgraded through direct action, training and research in order to reinforce factors that facilitate (or eliminate or minimize factors that limit) the effectiveness of institutional mechanisms for defining, implementing and adjusting agricultural policies, as well as for providing services to the agricultural sector.

This chapter will consist of the following sections:

- a. Bases to effectively guide, activate and improve the process of agricultural reactivation and development
- b. Bases for effective provision of agricultural services

APPENDIX 8

MARKET ACCESS AND INTRA-REGIONAL TRADE

I. FRAME OF REFERENCE

1. The economic situation of LAC countries in the international economic context.
2. Analysis of LAC exports in the world market. Breakdown of exports by country of origin, destination and type of product.
3. Analysis of imports of agricultural products in selected markets, by country of origin and type of product.
4. Analysis of food donations and imports made under Law 480 and similar mechanisms.

II. SITUATION OF INTRA-REGIONAL TRADE AND MULTILATERAL NEGOTIATIONS

- A. Analysis of international economic conditions for agricultural trade
 1. Evaluation of complementarity/opportunities for interregional trade.
 2. The frame of reference for bilateral agreements.
 3. Development policies that encourage import substitution and export promotion.
 4. Analysis of levels of national and subregional protectionism.
- B. Analysis of the options provided by international and regional cooperation mechanisms.
 1. The setting of the general systems of preference (Lomé, Caribbean Basin Initiative, GATT Protocol, and UNCTAD's GSPC).
 2. Bilateral and multilateral agreements between developing countries.
 3. International agreements by product.
- C. Current status of regional and subregional integration mechanisms.

III. OUTLOOK AND POTENTIAL FOR NON-TRADITIONAL EXPORTS

1. Projected demand for principal non-traditional export products, by importing country
2. Projected supply for principal non-traditional export products, by exporting country
3. Determination of market characteristics by country and degree of access
4. Identification of market segments for non-traditional agricultural and agroindustrial products

IV. MECHANISMS FOR ACTION

1. Multilateral negotiations
2. Regional and subregional cooperation and integration mechanisms
3. International agreements by product
4. Agricultural integration and cooperation.
 - a. Trade relations among small countries and petroleum producing countries
 - b. Exchange of products among countries with different climates
 - c. Processing of raw materials from countries without benefit of special protection

V. AREAS FOR ACTION

Identify and assign priorities to the areas of action. Schedule activities and estimate what resources are needed.

APPENDIX 9

THE ROLE OF TECHNOLOGICAL CHANGE
IN REACTIVATING THE AGRICULTURAL SECTOR

I. OVERVIEW

This document will attempt, on the one hand, to present the potential and role of technological innovation in the process of agriculture-led economic reactivation, and on the other, to identify broad lines of action, proposals and projects on the multinational and country levels. It does not attempt to analyze all aspects of the technological process. Rather, it emphasizes some of the more important issues as well as the multiplier effect on the process.

Within this general framework, the document will consist of four parts.

- a. The first focuses on establishing the technological variable within the agricultural reactivation process, emphasizing the main issues that must be accounted for in the agricultural technology policy.
- b. The second part helps identify the main dimensions of future technological needs (demands). In this sense, it includes an overview of the situation and the technological performance of the agricultural sector in LAC, as pertains: i) products; ii) countries and groups of countries; and iii) types of agriculture and the future outlook with regard to technological possibilities in each sector. The emphasis of the analysis lies in identifying the gaps that exist and consequent investment needs, as well as the opportunities for cooperation and technology transfer arising from the present technological situation.
- c. The third part focuses on analyzing the principal limitations and areas of opportunity for agricultural technological development: the status of institutional systems that supply technology; mechanisms of technology transfer and dissemination; possibilities and needs in the field of biotechnology; international cooperation and technology transfer; the state of natural resources and their impact on production possibilities in the region. This analysis will be directed first toward considering the main institutional and scientific developments in relation to the technological requirements of the reactivation process, and then toward identifying possible areas of action in terms of specific policies and projects, be they on the national or multinational level.
- d. Finally, the fourth part will include a strategic summary of technology generation and transfer, emphasizing the interaction between proposed actions and projects.

II. TERMS OF REFERENCE OF THE DOCUMENT

A. The role of technology in agricultural reactivation

1. Assessment of costs and benefits, components and beneficiaries
2. Socio-economic crisis. The role of the debt and readjustment programs in the obsolescence of available technology
3. Probable effects of competitiveness and comparative advantages
4. The new demand for technology. New economic relations and structures of consumption. Agroindustry and other factors.

B. Technological conditions of agricultural production in the region

1. Countries and groups of countries in the region
2. Types of products
3. Types of agroindustry

C. Opportunities for and limitations on technology in the agricultural sector

1. The national technology generation system
 - a. Public institutions: status and outlook
 - . Institutional development
 - . Human and financial resources
 - b. The role of universities in technology generation and the development of human resources
 - c. The private sector: degree of participation, alternatives for involving it in technological development in the sector
2. The technology transfer system: present conditions, problems and outlook
 - a. The role of the government in technology transfer
 - b. The technical assistance system
 - c. Credit and other services for producers

3. The production and distribution system for technological inputs
 - a. The seed industry
 - b. The availability of fertilizers and agrochemicals
 4. The new biotechnology and agricultural reactivation
 - a. Risks, opportunities and requirements
 - b. Biotechnology
 - c. Expectations for institutional facilities, compared with present availability
 5. International cooperation for technology generation and transfer
 - a. The international system: opportunities and adjustment needs
 - b. North-South transfer: possibilities, and required mechanisms and instruments
 - c. Horizontal cooperation: experiences and opportunities
 6. Natural resources and technological reactivation
 - a. The regional situation
 - b. The new technology and sustainability of production
- D. Conclusions and areas of action
1. Policies and actions on the national level
 2. Areas of action on the multinational level
 3. Specific projects

III. INPUTS AND RESPONSIBILITIES

A. Documents

The overall responsibility for the document lies with the Directorate of Program II.

The following background material will be used in preparing the different sections:

1. Preparatory documents and conclusions of the High-Level Seminar on Policies and Mobilization of Resources for Technological Innovation in Latin America and the Caribbean (IICA/EDI), to be held in Uruguay June 26-28, 1988;
2. Document on issues and policy considerations for the generation and transfer of technology for small farmers, prepared by the Program II Directorate with support from a consultant, for presentation by the Director General at the IFAD seminar in Seoul, Korea, in June 1988;
3. Document on policy considerations for the privatization of technology generation and transfer, to be prepared by Program II for the seminar on Agricultural Research Policies, organized by ISNAR/BMZ/CTA in September 1988;
4. Document on the outlook and implications of the new biotechnology, to be prepared as the initial part of the IICA/CIDA Project;
5. Conclusions of the meeting on opportunities for decentralization in specific areas of wheat research and training, sponsored by the Consultative Group on International Agriculture in Latin America;
6. Various documents on cooperative agricultural research programs
 - . PROCISUR mid-term evaluation, 1987
 - . Proposal to institutionalize PROCISUR, (February 1988)
 - . PROCIANDINO mid-term evaluation (November 1988)
7. No specific documents have been singled out for the discussion of the technology transfer system. Some ideas are expected to emerge from the project "Linkages between Agricultural Research and Technology Transfer," being coordinated by ISNAR, of which the Director of Program II is a member of the Technical Advisory Committee. Thought will be given to hiring a consultant for certain specific matters.

APPENDIX 10

INVESTMENT AND MECHANISMS FOR MOBILIZING PRODUCTIVE CAPITAL

I. BACKGROUND

It can be seen that a main topic of the Plan is investment and mechanisms for mobilizing capital, within the context of a development strategy that features agriculture as a central element. To analyze investment, the preparation of the following documents has been planned: one of general scope, focusing on relevant topics that are common to the countries of Latin America and the Caribbean, and making reference to key issues and specific cases at the national level that serve as illustration, depending on the availability of information. In addition, a separate document will be prepared for each area: Central, Caribbean, Andean and Southern.

II. CONTENTS OF THE GENERAL DOCUMENT ON INVESTMENT AND REACTIVATION

The chapters and contents of the general document will be as follows:

A. The role of investment in the reactivation and modernization of the agricultural sector

This part will analyze the concepts that provide the basis for the following sections:

1. Public and private investment in agriculture and related sectors, and how they can contribute to reactivation and modernization of the agricultural sector, given that it encompasses both modern and backward subsectors, from the productive point of view.
2. Analysis of the factors that make this modernization possible. With this in mind, public and private investments in agriculture and related or complementary sectors should be identified. For example, in public investment: rural electrification, roads, education, health, others; in private investment: input industries for agriculture and agroindustry, others. The analysis will also include motives for public and private investment in agriculture and related sectors and the economic, social and political climate needed for investment.

B. Diagnosis (1965-1987)

1. Development and characteristics of the agricultural investment process, based on information obtainable from some countries, for purposes of illustration.

- a. Patterns of total investment in the economy and in agriculture, and the relationship between them
- b. The share of investment in agriculture with respect to the Gross Domestic Product (GDP) and the gross agricultural domestic product (GADP)
- c. Composition of gross capital formation in agriculture (fixed capital, new constructions, machinery and equipment, changes in inventory). Identification of groups that have benefitted most from this process; implications
- d. Destination of agricultural investment (public and private), modern (national and foreign) and traditional, and problems with evaluation of investments given the fungibility of money and distortions in the financial market
- e. Mechanisms used to finance private investment in agriculture and agroindustrial complexes:
 - Domestic savings (proportion and potential capacity)
 - Contributions by the banking system, loans, and resources of individual farmers
 - External resources (agricultural loans, foreign investment, etc.)
- f. Analysis of the decapitalization process in agriculture and the intersectoral transfer of resources, including identification of the factors that promote these phenomena
- g. The most significant factors (positive and negative) that have influenced the process of private investment in agriculture:
 - External factors
 - Government policies (financial profitability as an investment alternative, market interest rates, default rates in development bank loans, etc.)
 - Domestic financial and product markets
- h. Characteristics of the institutional capacity of the banking sector (public and private) and of the public agricultural sector for managing investments

This section should distinguish as far as possible between types of farmers: large (national and foreign) farmers and

small farmers. In addition, consideration should be given to the hypothesis that certain production activities in the sector are losing capital while others are being invested in--especially for developing exports linked to foreign capital. In this case, capital accumulation would be geared toward export activities receiving financing predominantly from foreign investments.

2. Investment and agricultural growth: Use of a simple model at the country or the aggregate level, to the degree possible with available data. In particular, the "weight" of investment in sectoral production growth will be analyzed with emphasis on the 1980-1987 period.
 3. Foreign debt and public investment in agriculture and the rural sector
 - a. The relationship between debt and overall agricultural investment; the magnitude of total resources and resources invested in agriculture and in the rural sector
 - b. Restrictions on overall and sectoral investment earmarked for production, and the problem of profitability
 - c. Characteristics of investment in agriculture and in agroindustrial complexes, with regard to funding sources (national and foreign). Implications for public and private debt commitments.
 4. Description of the international system that provides financing for the agricultural sector. The most common policies and approaches. This part should include reference to structural adjustment loans and agricultural sector adjustment loans. Results of the Alliance for Progress experience, and mechanisms that were used to mobilize resources within it.
- C. Investment requirements for agricultural reactivation, 1989-1995 (simple method)

A simple model, applied to selected countries, will be used to determine the overall investment requirements for growth alternatives. Alternative scenarios will be considered.

1. The study will allow for a preliminary appraisal of the financial resources needed annually over a number of years.
2. To complement the advances made in this study, an analysis will be made of investment opportunities at the subregional level (Central, Andean, Caribbean and Southern).

3. The estimates obtained from this analysis will be indicative; since they do not include institutional constraints, and there is limited specification of financial policy management and of other economic incentives for the sector. Also, the analysis will not be able to identify investments in other sectors required for responding to the growth needs of agriculture.

D. Considering alternatives for increasing investments

1. Giving priority to public investment and guiding private investment
 - a. Criteria for giving priority to public investment for agricultural reactivation (concentration by geographic areas, multiplier effects, maturity periods, risk, etc.)
 - b. Relationship between public and private investment: proposal on the multiplier effect of public investment
 - c. Public and private investment and the standard of living of the poorest rural groups
 - d. Legal mechanisms needed for orienting investment
2. Strategy for mobilizing financial resources
 - a. Mobilizing national savings (incentive policies; coordination and consensus on public and private investment; orderly management of public spending and earmarking more government resources for investment; the role of development banks; the role of private banks and financial speculation; foreign exchange and agricultural investment, others).
 - b. Give special consideration to a differentiated analysis of the possibilities of mobilizing domestic savings through the national capital market and thereby encouraging private investment rather than having to resort to external funding.
 - c. External resources (current and new forms); capitalization of the foreign debt for agricultural investment; proposals based on experiences; proposals for changing the orientation of structural and sectoral adjustment programs; investment projects financed by multilateral and bilateral sources.

- E. Involving the institutional system in the channeling of resources
1. Changes needed in the large-scale external aid programs of the international financial system (WB, IMF, IFAD, IDB).
 2. Need to modernize the institutional system at the national and subregional levels, and of multinational coordination mechanisms.
 3. Role of private banks, development banks and other institutions such as rural savings and loan associations.
 4. Changes needed in the tax systems, mainly in relation to tax incentive initiatives for private investment in agriculture and related industries that can contribute to reactivation.

III. STRATEGY FOR PREPARING THE DOCUMENT

To prepare the document, the following activities will be carried out:

1. A work team will be established consisting of an IICA official (from Program I) (three months); an international consultant (one month); two national consultants (two and a half months each); and a research assistant (two months). Also, some technical experts from Program I, in the IICA Representations in the countries, will provide support.
2. Working meeting to conceptualize, define and approve the work plan. Division of tasks among members of the team.
3. Collection and analysis of information. This includes collection of certain basic information--data and documents--in eight countries, which will be needed for drafting the general document and the subregional documents to be prepared by CEPI. For this purpose, support will be provided by the IICA Representations in the countries through technical experts in charge of Program I projects, as well project officials.
4. Visits to subregional financial institutions (BCIE, CAF, CDB) and regional ones (ALIDE, IDB and ECLAC) in order to: a) learn about related works that can constitute an input for this effort; b) obtain information on investment resource needs in agriculture and related sectors; and c) enlist support for the work in specific areas.

5. Two meetings to discuss the progress of the work. In view of the simultaneous efforts to complete subregional documents on investment plans for reactivating the agriculture sector, close contact will be maintained with CEPI, which is in charge of this task.
6. Two reports will be presented as a result of the work to be completed: a preliminary one will serve as discussion material for the working meeting (to be held in the last week of May) that will consider the advances made in formulating the document. A final meeting in mid-June will incorporate IICA's comments.

APPENDIX 11

DEMAND AND MARKETING CHANNELS FOR NEW PRODUCTS
ON THE EUROPEAN MARKET

I. BACKGROUND AND JUSTIFICATION

Undoubtedly there is a need to ensure better access to external markets for agricultural products from LAC countries. Knowledge will be a key to the success of this strategy now beginning to be adopted. Specifically, an accurate, full understanding is needed of international markets, tariff restraints or requirements, health measures, and other regulatory controls that products may be expected to satisfy. It is of no use to produce well, efficiently, and with the best technology, unless a full familiarity with the external markets is available.

Many unfortunate examples can be cited of Latin American exporters who produced with the greatest of efficiency, only to fail in their attempts to place their products in third markets, due to their lack of experience.

This project sets forth a number of activities designed to fill such gaps, specifically in EEC markets.

II. SPECIFIC OBJECTIVES

1. Quantify demand in the European market, submarket or market niches targeted for a group of agricultural and agroindustry products identified in advance.
2. Identify and describe market requirements and marketing processes.
3. Estimate supply and demand (present and potential).
4. Ascertain any institutional requirements in importing countries that may serve as incentives or impediments.
5. Identify possible coinvestments for projects that have an attractive economic potential from the viewpoint of the new market.

III. ACTIVITIES

1. Market studies for selected nontraditional agricultural and agroindustry products

Attempt to identify European market segments as well as technologies and technological development appropriate for production in LAC.

2. Market identification; marketing conditions and requirements

Identify potential buyers and their conditions (product marketing, financing, etc.), as well as government requirements on imports (health, packaging, etc.). Identify potential sources of supply and their conditions, including government requirements and incentives for import, export or investment.

3. Consorcios: identification and promotion

Identify parties in Europe that might be interested in investing or coinvesting in LAC. Identify interested financial institutions.

In this study, market research will be the major working tool, as the fundamental purpose is to identify market niches in Europe for LAC products.

The preselected products will be classified as: i) finished goods (ready for consumption); ii) intermediate goods (semiprocessed, additives); iii) "chemical products" and pharmaceuticals for cosmetics.

The following is a preliminary listing:

a) Finished

- Tropical fruits:

- . dehydrated and candied
- . snacks, jams, jellies
- . juices
- . preserves

Examples: passion fruit, banana, mango, pineapple, papaya, coconut.

- Tropical vegetables, tubers and roots:

- . dehydrated
- . preserved
- . frozen

Examples: heart of palm, paprika, chayote, plantain.

- Sauces and condiments:
 - . dehydrated (black pepper, hot pepper, coriander)
 - . preserves (prepared sauces)
 - . spices
 - Diet and natural products:
 - . semiprocessed cane sugar and other natural sweeteners
 - Special alcoholic beverages:
 - . coffee liqueur
 - . pisco
 - Nuts and almonds, macadamia
 - Candies:
 - . chocolate
 - . nonchocolate
 - Traditional food dishes prepared for sale
 - Frozen vegetable products
- b. Intermediate
- Based on tropical fruits
 - . beverage concentrates
 - . syrup flavorings for yogurt and baked goods
 - . pulp for baby food and jams
 - Additives:
 - . natural colorings (annatto)
 - . enzymes
 - . emulsifiers, thickeners, stabilizers, various vegetable starches
 - . flavorings and extracts from tropical fruits; aromas
 - . fermenting agents
 - Sauces and condiments
 - Others:
 - . cardamon

c. Chemicals, pharmaceuticals, cosmetic products

- Chemicals: extracts from, products and byproducts

Examples: furfural from sugar cane offal, special oils such as castor oil, fibers.

- Pharmaceuticals: dehydrated flowers and herbs for natural medications, extracts

Examples: caffeine, ipecac

- Cosmetic products: uses for oily products such as jojoba, avocado, essential oils

Examples: patchouli, vetiver, eucalyptus

APPENDIX 12

EXPERIENCE WITH THE DESIGN AND IMPLEMENTATION OF
AGRICULTURAL POLICIES IN THE EUROPEAN ECONOMIC COMMUNITY

I. BACKGROUND AND JUSTIFICATION

The strategy being considered will hold ever greater chances of success to the degree that integration and joint action are achieved by the countries of LAC. This is true in many areas, including: product storage to reduce costs; mass purchase of raw materials and other inputs at better prices; coordination of production to achieve complementarity instead of competition; and willingness to share experiences and capabilities.

The Ottawa Declaration is unequivocal in this connection. It states, "We would like once again to stress that regional economic integration in the countries of Latin America and the Caribbean, whether it is brought about through existing institutional mechanisms or by other means designed for this same purpose, is a key to solving the problems we share." It continues, "Agricultural modernization in our countries will advance more quickly if we work together, combining our efforts so as to achieve together what we cannot achieve working alone."

The European Economic Community has been visibly more successful than the countries of LAC in this sense, and we can learn much from its experience. The activities to be carried out under this project will be designed to provide a systematic, organized view of some of the agricultural policies of the EEC that may be of interest to our countries, and will touch on the institutional, legal, negotiating and other processes by which the Common Agricultural Polity (CAP) was brought into existence.

II. SPECIFIC OBJECTIVES

1. To provide a detailed analysis of the essential components in the genesis of the CAP, especially the phases of formulation and negotiation.
2. To identify areas of agrarian policy, based on the experience of the EEC, that are presently of interest to LAC and that might provide input for a process of coordinating agricultural policies in the subregions.

III. ACTIVITIES

The project will comprise an analysis of the experience acquired by the European Economic Community in constructing its Common Agricultural Policy, in order to extract useful lessons for LAC. This study of

Europe will be prepared by Europeans. Special attention will focus on the different phases and mechanisms by which a coordinated agricultural policy among member countries was agreed to and implemented, rather than a simple description of the policies or their results.

It is of interest to learn about the different institutional and legal mechanisms for consensus-building, coordination and arbitration. Were they already in place, or were they designed for this purpose? How were differences resolved? What experience was acquired with irreconcilable differences, and how were they handled? What distribution mechanisms are used, and what are their costs and benefits? What were the successful experiences with negotiation, and what were the failures? What was the relative weight of political decisions versus technical criteria in setting parameters and levels of policies?

When the paper is complete, a brief seminar should be held at IICA headquarters to discuss the findings, with the participation of the French specialists who will have prepared the study and IICA staff working on the Plan of Action.

APPENDIX 13

SUBREGIONAL PLAN OF JOINT ACTION

I. JOINT STRATEGY FOR REGIONAL AGRICULTURAL REACTIVATION AND DEVELOPMENT

A. The socioeconomic situation: recent trends and implications for the agricultural sector.

1. The international context

2. The overall economic situation

a. Evolution of the main indicators (1960s, 1970s, 1980, 1987)

- Production and growth; employment and population growth
- External sector and the vulnerability of the economies
- Balance of payments and the foreign debt
- Public sector finance: income and expenditures
- Inflation and prices

b. Causes of the situation: description of structural and temporary factors

3. The agricultural sector

a. Evolution of main indicators

- Production: areas, yields, consumption, trade of principal crops (grouped as for export or for domestic market)
- International and domestic prices
- Development and current status of the agricultural sector: its share in the economy: GDP, employment, X, M, degree of supply, agroindustries and effects of linkages
- The social conditions of agriculture: poverty, employment, and the distribution of income

b. Causes of the situation: description of structural and situational factors

4. Implications and demands on the agricultural sector
 - a. Restrictions resulting from the context
 - b. What is needed from the agricultural sector in this context?

- B. Macroeconomic policies and national sectoral policies: the experience of this decade and the current situation
 1. Overall development policies: brief description of experiences
 2. Macroeconomic policies: evolution of the main variables (exchange rates, sectoral protection/lack of protection, interest rates, taxes, etc.) and outstanding features
 3. Structural and sectoral adjustment programs: features and implications
 4. Impact on agriculture of current government policies on: exchange rates, taxes, investment, employment, prices, aggregate demand, subsidies, science, industry, marketing, food security, credit, environment and protection of natural resources
 5. Sectoral policies on: incentives, rural development, technology, marketing etc.; main trends and problems
 6. The role of the institutional system in the formulation and administration of policy instruments

- C. The subregional framework for the implementation of joint actions
 1. Recent development and present status of subregional mechanisms of integration: outlook for the future
 2. Inter- and intra-regional trade, trends, magnitude, obstacles, cooperative trade agreements, tariff situation
 3. Institutional infrastructure for joint agricultural activities: description and current situation

- D. The role of agriculture in economic reactivation and development: common elements and basis for defining a subregional strategy

1. Shared objectives (some examples)
 - a. Increase the production of food and other agricultural products
 - b. Overall economic reactivation based on the drive of the agricultural sector
 - c. Improvement of economic and social conditions of the social strata with the gravest problems (the small-farmer sub-sector), which also generates greater aggregate demand
 - d. Overall integration of the economy, strengthening ties between a modernized agricultural sector and the industrial sector
 - e. Improvement of the balance of payments situation, with the promotion of traditional and nontraditional agricultural exports, and import substitution
 - f. Contribution to stabilizing the economy with greater food supplies
2. Central elements (some examples)
 - a. Increased efficiency and productivity of the agricultural sector, resulting from the modernization of structures and productive processes with equity while safeguarding natural resources
 - b. Diversification of exports, by promoting the export of nontraditional products
 - c. Stimulation of the domestic market by promoting production in the small-farm sector
 - d. Development of supplier and processing agroindustries, to capitalize on multiplier effects and generate added value
 - e. Emphasis on joint actions which encourage economies of scale and contribute to the long-range process of integration
3. Instruments available and guidelines for applying them
 - a. National macroeconomic policies
 - b. National sectoral policies

- c. Mechanisms for subregional action
 - d. Programs and projects
4. High-priority areas for joint actions (some examples)
- a. Foreign trade: access to foreign markets and stabilization of income from agroexport products
 - b. Promotion of production in the small-farm sector
 - c. Modernization of the public agricultural sector
 - d. Technology generation and transfer
 - e. Agroindustrial development
 - f. Development and use of natural resources
 - g. Implementation of health programs
 - h. Others

II. THE PROGRAM FOR SUBREGIONAL ACTION

- 1. Guidelines for an investment plan
 - a. Capital and sectoral growth needs
 - b. Investment strategy
 - c. Criteria for defining high-priority areas
 - d. Analytical tools for ranking investment possibilities
 - e. Institutional requirements
- 2. Guidelines for external technical cooperation
- 3. Proposal of projects and project profiles
 - a. Technical cooperation projects
 - b. Cooperative networks and programs
 - c. Investment projects
 - . Infrastructure
 - . Production

TIMETABLE OF THE WORK PLAN

1988

ACTIVITIES	1988													
	JAN-APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER					
GENERAL COORDINATION OF THE PLAN													August '89	
I. IDENTIFYING THE CONCEPTUAL FRAMEWORK AND IDENTIFYING POSSIBLE ACTIONS														
A. DOCUMENTS ON THE SUBJECT														
1. MACROECONOMIC POLICIES AND THE AGRICULTURAL SECTOR														
2. AGROINDUSTRIAL DEVELOPMENT: TOWARD A NEW MODEL OF INTERSECTORAL COORDINATION														
3. THE ROLE OF THE SMALL-FARMER ECONOMY IN THE AGRICULTURAL REACTIVATION AND DEVELOPMENT STRATEGY														
4. STATE MODERNIZATION FOR AGRICULTURAL REACTIVATION AND DEVELOPMENT														
5. MARKET ACCESS AND INTRA-REGIONAL TRADE														
6. TECHNOLOGY GENERATION AND TRANSFER														
7. INVESTMENT AND MECHANISMS FOR MOBILIZING PRODUCTIVE CAPITAL														
8. HUMAN RESOURCES														
9. PUBLICATION OF THE BOOK "CONCEPTUAL BASES FOR THE PLAN OF ACTION"														June '89
B. OTHER TOPICAL DOCUMENTS														
C. SUBREGIONAL STRATEGIES														
1. Central Area (C.A., Dominican Rep. and Mexico)														
2. Andean Area														
3. Caribbean Area and Haiti														
4. Southern Area														
D. DRAFT OF PLAN														
II. PREPARATION OF THE PROPOSALS FOR ACTION														
A. PROPOSALS FOR ACTION														
1. Hemispheric and interregional levels														July '89
2. Subregional level														July '89
B. CONSULTATION AND DISCUSSION MECHANISMS														
1. International Advisory Commission														
2. Interagency Consultation														
3. Executive Committee														

(*) to be defined

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INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE

P.O. Box: 55 - 2200 Coronado, Costa Rica - Phone: 29-0222 - Cable: IICASANJOSE - Telex: 2144 IICA,
Electronic Mail EIES: 1332 IICA DG - FAX (506)294741 IICA COSTA RICA