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REPORT ON IICA BY THE GROUP OF FIVE EXPERTS

Prepared in compliance with Resolution
IICA/JIA/Res. 6 (I-0/81) approved by
the Inter-American Board of Agriculture
in Buenos Aires, Argentina (August 1981)

(Preliminary version for discussion by the Group of Experts)

May 1982

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PREFACE

The Inter-American Institute for Cooperation on Agriculture is now embarking on a new chapter in its quest to improve agriculture and rural welfare in Latin America and the Caribbean. Its resources, while extremely modest in relation to the task at hand, have grown substantially in the last decade. At the same time, the challenges it faces have grown and become modified in a world where food and energy are critical concerns of mankind, whose numbers are rapidly increasing.

The Institute enters the decade of the 80's with a new Convention directed at strengthening the Institute's efforts to foster and promote agricultural development and rural welfare. The Inter-American Board recognized the need to re-orient the strategies and policies of the Institute to enable it to adapt to expanded challenges, and a changing environment.

In 1981 the Board passed a resolution to establish a group of persons knowledgeable in the field of agriculture and rural life in Latin America and the Caribbean and familiar with IICA's existing doctrine and strategy to undertake a special project to assist the Institute in this regard.

This report summarizes the results of the analysis carried out by the Group selected for this task, who was pleased to be asked to participate in such an important activity.

The Group has deliberately refrained from making detailed and specific recommendations in those areas which it considers are within the competence and capabilities of the IICA General Directorate. It hopes, therefore, that the analysis and guidelines included into the report will facilitate the decisions that have to be made, and which, in the final analysis, are best done within the Institute.

It expresses its appreciation to the IICA staff and officials of various countries who took the time to provide the Group with their views and opinions. A special thanks is extended to the In-House Working Group and those IICA staff members assigned to assist the external group in various capacities.

The Group takes great pleasure, therefore, in submitting its report herewith

K. James McKenzie

John A. Spence

Augusto L. Durlach

Rodrigo Gámez L.

Albert L. Brown



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INTRODUCTION

1. The Inter-American Board of Agriculture, in its First Regular Meeting held in Buenos Aires, Argentina from August 10 to 13, 1981, approved Resolution N° 6, to "designate a Group of five Experts knowledgeable about agriculture and rural life in Latin America and the Caribbean, and familiar with IICA's doctrine and strategy, to work together with IICA's staff members and personnel from the member countries to draw up an analysis of the basic documents within the framework of the 1979 Convention and the projections of IICA's work to be used for future programming, taking into account the evaluations that have been submitted."

It also recommended that the Director consult with the Director General-Elect to designate an In-House Working Group whose principal task would be to formulate terms of reference for the work entrusted to the Group of Experts (here in after referred to as the Group). For this purpose, the In-House Working Group would bear in mind certain guidelines specifically requested in Resolution N° 6, as well as the framework given in the new Convention and the current priorities of the region.

2. The timeliness of the task of the Group is reiterated by the following events:
 - a. The enactment of the new 1979 Convention, which suggests the need for an overall analysis of the General Plan and the Medium-Term Indicative Plan within this new framework.
 - b. IICA's new administration, ushered in with the election of Dr. Francisco Morillo Andrade as Director General.
 - c. The recommendations for organizational, strategic and budgetary changes at the Institute, as contained in the evaluation conducted on CATIE and the Simon Bolivar Fund, and in the Synthesis of the Findings of IICA's Evaluation Process, approved by the Board at its First Regular Meeting.
 - d. The completion of the term of the Medium-Term Indicative Plan in June, 1982; and the recommendation of Resolution 6 to the Director General that the "work to update the Medium-Term Indicative Plan shall be concluded before July 15, 1982, and shall be sent to the members of IICA's Executive Committee 60 days prior to their annual meeting in October 1982."
3. The In-House Working Group was set up in October, 1981. By express recommendation of the General Directorate, it formulated the Terms of

Reference, with the broad participation of Institute personnel in the countries and at Headquarters, as well as national authorities. The information was collected through two opinion surveys conducted in all the member countries under the coordination of the IICA Offices.

4. The preparation of the Terms of Reference by the In-House Group concluded in January 1982. By that time, consultation also was completed with the Experts on their mission and on their working schedule. The Group was made up of the following persons:

Dr. Albert Brown	Chief, Rural Development Division, Bureau for Latin America and the Caribbean. Agency for International Development, AID. United States of America.
Dr. Augusto Leopoldo Durlach	Consulting Director in Systems Analy- sis. National Agricultural Technology Institute, INTA, Argentina.
Dr. Rodrigo Gámez	Director, Cellular and Molecular Biology Research Center, University of Costa Rica, Costa Rica.
Dr. James McKenzie	Manager, Development and Analysis. Regional Development and International Affairs Branch. Agriculture, Canada.
Dr. John Spence	Senior Economic Affairs Office (Science and Technology), Economic Commission for Latin America, ECLA. Trinidad and Tobago.

Terms of Reference for the Mission entrusted to the Group

5. Both the Terms of Reference and the Working Plan were restructured by the Group on the basis of their interpretation of Resolution 6, the amount of time they had available (which by decision of the Board was not to exceed five weeks), and the basic documentation presented to them. Following the approval of the General Directorate, the restructured Terms of Reference were approved as follows:

A. IICA's Objectives, Strategies and Policies

a. Overall Long-Term Orientation

- i. As a specialized agency of the Inter-American System

- ii. With its functions of stimulating, promoting and supporting efforts of the Member States.
 - iii. In terms of the regional evolution and trends of agriculture and rural development.
- b. Specific Orientation for 1982-1987
- i. Medium-term policies
 - ii. Operational policies
 - iii. Internal organization
- B. Basic Considerations for More Effective Concentration
- i. Problem areas
 - ii. Basic client group
 - iii. Strategy of institutional reinforcement
 - iv. Areas of competence
 - v. Criteria for selecting areas of concentration
 - vi. National vs. multinational action.
- C. The Participation of the Member Countries in IICA's Planning
- i. Limiting Factors
 - ii. Mechanisms for improving participation
- D. External Relations
- i. IICA's policy in regards to agencies of:
 - technical cooperation
 - financial cooperation
 - international centers
 - ii. With the OAS and other specialized agencies
 - iii. Policy for extra-quota resources:
 - Regarding IICA's priorities
 - The role of internal units

- Type of resources (tied or untied)
- Effects on IICA and its operations
- Overhead

E. Mechanisms for Increasing Efficiency and Effectiveness

- i. Technical organization
- ii. Strategy of decentralization
- iii. Reducing expenses
- iv. Personnel policies
 - Selection and recruitment
 - Classification
 - Training
 - Compensation
- v. Planning and implementation
- vi. Priorities for providing assistance
- vii. Tools for concentrating efforts

F. CATIE

- i. Technical policies
- ii. The most appropriate institutional alternative
- iii. Technical role with less developed countries.

G. Specific New Programs

- i. Natural Resources Program
- ii. Agroenergy Program

Working Plan for Complying with the Terms of Reference

6. The Group began its work on March 15 at IICA Headquarters, with the following schedule:

- March 15-20
(1st Week) Meetings in San Jose with the Director General and Headquarters personnel.
- March 21-April 2
(2nd and 3rd Weeks) Visits to the six countries in order to study IICA's action, interviewing national authorities and Institute personnel.
- April 12-23
(4th and 5th Weeks) Headquarters, San Jose. Preparation and presentation of the mission's findings to the Director General. Interviews with Headquarters staff and with Directors of IICA's Offices in Central America.

The Group divided into two sub-groups for visiting the countries: the first group visited Haiti, Mexico and the Dominican Republic; the second went to Brazil, Peru and Venezuela. In addition, the IICA Office Directors of Jamaica, Barbados and Guyana were called to Haiti, the IICA Office Directors in Ecuador and Bolivia to Caracas and Lima, respectively, and the Directors from Honduras, Nicaragua and Panama to IICA Headquarters. One member of the Group, Dr. Augusto Durlach, visited IICA's Office in Paraguay.

7. In the countries, the team members interviewed: i) the IICA Office Director and specialists in the country; and ii) the officials of the main national institutions working with agricultural development and rural well-being, as well as functionaries of the Secretariat of Foreign Affairs and the National Planning Offices. The officials interviewed are listed separately in this report. (Appendix)
8. At Headquarters, the Group of Experts interviewed functionaries and specialists at different hierarchical levels and technical specialists present. Interviews were conducted at CATIE in Turrialba with CATIE's Director, Department Heads and Advisors to the Directorate.
9. Two Local Advisory Groups were created in Mexico and Venezuela at the initiative of the Director General, in response to the offers of cooperation made by authorities and dignitaries in both countries. These groups oriented their work along the lines of the Terms of Reference and of the topics for which information was to be collected at the country level.

The Local Advisory Groups, interviewed by the Group, were composed of the following persons:

MEXICO

Dr. Jesús Moncada
Director General of INIA

Dr. Carlos Arellano
Director General of INIP

Dr. Eduardo Casas
Director, Chapingo School
of Post-Graduate Studies

Dr. José Silos
Agricultural Trust Fund
Secretariat of Finance
and Public Credit

VENEZUELA

Dr. Luis Marcano Coello
Director of FUSAGRI

Ing. Arnaldo Ron Pedrique
Agricultura Credit Fund

Ing. Pompeyo Ríos
Former Regional Director
of IICA

Ec. Nelson Tíneo Valladares
Head, Office of International
Relations of MAC

10. About 45 individual interviews were made with top national authorities and functionaries, with whom IICA negotiates matters of technical co-operation. In addition, 15 working sessions took place with groups of national technical personnel from the agencies with which the Institute conducts technical cooperation projects, and with teams of IICA specialists in the countries.

Following is a summary of the national and IICA authorities interviewed:

Ministers of Agriculture.....	3
Vice Ministers.....	6
Directors of National and Sectoral Planning.....	3
Directors of Research.....	5
Directors of Development (Extension, Marketing, Credit and Insurance).....	5
Directors of Natural Resources (Forestry and Irrigation).....	3
Directors of Agricultural Education Institutions....	6
Directors of Agencies Coordinating International Cooperation.....	6
Directors of Agrarian Reform and Rural Development..	3
Directors of Agriculture and Livestock.....	2
Directors of IICA's National Offices.....	15

11. The Final Report was written at Headquarters. As planned for this period, the Group was provided with a preliminary version of the Institute's General Policy and with draft versions of the Programs that will constitute one of the pillars of the new Medium-Term Plan.
12. A preliminary version of the report was discussed at some length with the Director General and the Deputy Director General, before the final report was drafted.

Chapter 1. LONG-TERM OBJECTIVES, STRATEGIES, POLICIES

A. LONG TERM ORIENTATION

Background Information on Role and Functions of IICA

1.1 In order to provide orientation for IICA's long term policies, it is advisable to clearly identify the type of activities that IICA should undertake as derived from the functions and responsibilities outlined in IICA's new Convention, and the role the Institute should play given the many likely trends that will influence agricultural development and rural well-being in Latin America and the Caribbean, over the next decade.

1.2 The Convention on the Inter-American Institute for Cooperation on Agriculture defines the nature and purpose of IICA as the following:

"Article 3. The purposes of the Institute are to encourage, promote and support the efforts of the Member States to achieve their agricultural development and rural welfare.

Article 4. To achieve its purposes, the Institute shall have the following functions:

- (i) To promote the strengthening of national education, research, and rural development institutions, in order to give impetus to the advancement and the dissemination of science and technology applied to rural progress;
- (ii) To formulate and execute plans, programs, projects, and activities, in accordance with the needs of the governments of the Member States, to contribute to the achievement of the objectives of their agricultural development and rural welfare policies and programs;
- (iii) To establish and maintain relations of cooperation and coordination with the Organization of American States and with other agencies or programs, and with governmental and nongovernmental entities that pursue similar objectives;
- (iv) To act as an organ for consultation, technical execution, and administration of programs and projects in the

agricultural sector, through agreements with the Organization of American States, or with national, inter-American, or international agencies and entities."

Activities Necessary for General Long-Term Orientation

1.3 The Group believes that IICA's responsibilities can be best performed if they are interpreted to mean that IICA should undertake general activities devised to identify priority areas in agricultural development and rural well-being for Latin America and the Caribbean. These activities should allow for an overview, the identification and description, the analysis and interpretation, and the research on current and anticipated problems of agricultural development and rural well-being in the region.

1.4 A continuing overview of the states of agricultural development and rural welfare in the hemisphere should be maintained, with due regard for its national, physiographic, ecological, economic and social diversity.

1.5 Identification and description should be made of conditions and trends in agricultural development and rural welfare common to the hemispheric nations or subsets of nations.

1.6 Analysis and interpretation of these conditions and trends are required so as to:

- (i) Identify the impact of ongoing efforts by Member States to influence agricultural development and rural welfare.
- (ii) Identify the impact of exogenous factors (such as international markets) on the state of agricultural development and rural welfare.
- (iii) Determine and define current and anticipated problems and opportunities for Member States.

1.7 Investigation of current and anticipated problems and opportunities is needed to determine:

- (i) Their potential impact on agricultural development and rural welfare within Member States;

- (ii) The potential for Member States to avoid or resolve the problems, or capitalize on the opportunities;
- (iii) Possible courses of action within constraints imposed by hemispheric conditions and the technical state of art; and
- (iv) Identification of ways by which Member States may implement such courses of action.

1.8 The Group recognizes that, in some of these activities there is already a good deal of work being carried out by other organizations. Some of this work is systematic, some of it is not. The Group is not advocating that IICA duplicate or replace the work of other organizations in this regard. It is, however, suggesting that it perform a consolidating role and, when essential to other activities, fill in crucial gaps with selected pieces of original work.

IICA's Role in Latin America and the Caribbean

1.9 IICA should provide continuing information generated by the activities necessary for IICA's long term orientation, to Member States and to the international donor community to assist in focusing attention and resources on high priority problems or opportunities and on the most appropriate means for resolving or taking advantage of these.

1.10 IICA should provide technical assistance to establish or enhance national institutional competence to deal with intra-national problems. It is anticipated that IICA may both provide some assistance directly and also help the Member States to acquire such assistance from other sources.

1.11 IICA should intercede with the international donor community to interest donors in supporting efforts by Member States to resolve problems of an intra-national nature. Such intercession should include assistance to donors in the planning and organization of national efforts as well as the provision of technical assistance to national institutions during implementation.

1.12 IICA should participate in the management of selected development activities when the resolution of the problem cannot proceed successfully without such involvement.

1.13 IICA should represent the needs of the hemispheric rural/agricultural sector within the Inter-American System and with other international bodies.

1.14 IICA should coordinate its own activities with those of other international agencies to ensure that resources utilized by those bodies achieve greatest overall impact.

1.15 Because of its international character, IICA can, among other things, promote multinational programs and take part in planning them, following up on them, evaluating them and providing feedback. It is in a position to recommend external funding to be channeled to the countries and, when necessary, to participate in the administration of these funds. Through the use of technical assistance, training, rationalization or simply cooperation, it may be able to boost the efficiency and effectiveness of the national institutions. IICA must maintain a continent-wide information network, with access available to all the member countries, to facilitate these endeavours.

Multinational Cooperation as a Crucial Criterion

1.16 In carrying out the activities necessary to fulfill its role, the Group believes that a concept of paramount importance for IICA is that of cooperation among Member States. It is clear that there are some problems (or opportunities) in agriculture development and rural welfare which Member States may readily resolve (or take advantage of) through individual efforts. IICA, as an agency of the Inter-American System, specialized in agriculture, is the principal mechanism whereby cooperative efforts can be activated.

1.17 Where cooperation among member countries already exists, IICA must work to strengthen such efforts and strive to widen the areas (geographic or thematic) of such cooperation.

1.18 It is thus particularly important that IICA focus its attention upon problems or opportunities in agricultural development and rural well-being, which are common among the hemispheric nations or sub-sets of nations and for which more effective and efficient solutions can be realized through cooperative rather than the individual efforts of Member States.



Agricultural Development and Rural Well-Being

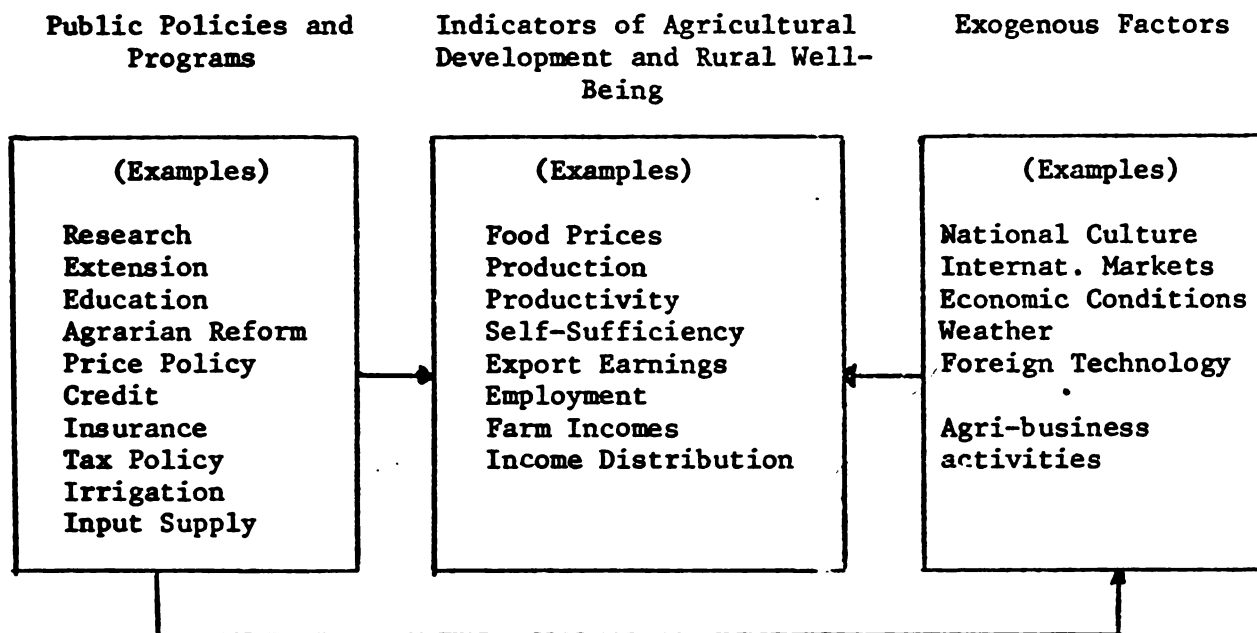
1.19 The concepts of agricultural development and rural well being are equally fundamental to the existence of IICA. Thus, there may be a great temptation for the management of IICA to define these concepts, either for the purpose of clarifying IICA's ultimate purpose, or to obtain acceptance from Member States of a particular orientation for IICA activities. The Group believes that, regardless of the objective, the definition and interpretation of these complex concepts must remain the prerogative of the Member States themselves.

1.20 IICA, as an instrument of the Member States, can play a useful and important role in assisting in the ongoing process of definition and interpretation. However, given the nature of the concepts, and the potential for substantively different views to develop within and among countries, IICA must live and operate with ultimate purposes which are, at best, flexible both temporarily and geographically. Given the potential for commonality of concern and priorities among Member States, this should not pose a serious problem.

1.21 This quest for a commonality of concern and priorities implies a need by IICA for both: a) a mechanism to formally establish such areas of common concern and priority; and b) an acceptance by individual Member States of the areas of cooperative endeavor which they have collectively established.

1.22 The process whereby individual countries may influence agricultural development and rural well-being is both complex and generally poorly understood. In its simplest form it can be viewed as a set of policies and programs which both directly and indirectly work to influence, usually with a significant time lag, a series of variables which may be best described as indicators of the concepts of agricultural development and rural well-being.

FIGURE 1



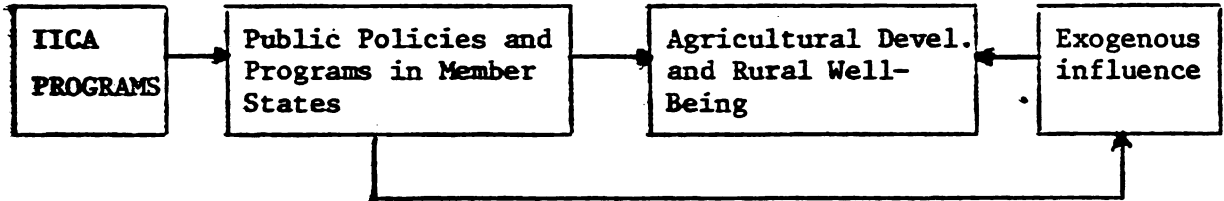
1.23 Exogenous factors (or non-public influences) will play an important role in determining levels of agricultural development and rural well-being. Thus, public policies may be structured so as to enhance or modify these influences. Time is a crucial element for all indicators and exhibit a time-path which is dependant upon both their initial starting point and the nature of public policies/programs and exogenous factors in the interim. The basic resource endowment and cultural makeup of the country must be regarded as significant in determining the initial state/conditions and the influence which certain policies and programs can achieve.

1.24 Under any particular set of basic conditions and exogenous factors, the overall effect of public policies and programs will be dependant upon the following elements:

- (i) The magnitude of the programs
- (ii) The effectiveness of individual programs or policies
- (iii) The program and policy mix
- (iv) The efficiency with which programs are operated

1.25 IICA's basic strategy must be one of influencing the elements which determine the overall effect of public policies, in each of several Member States, so as to enable them to jointly resolve a particular problem to make the most out of an opportunity which they have in common (see Figure 2).

FIGURE 2



1.26 In resource terms, IICA must strive to utilize a total budget measured in terms of millions of dollars, so as to favourably influence billions of dollars of public expenditures. To concentrate its efforts, IICA should carefully select a limited set of problem/opportunity areas where such influence can be realistically achieved (see 2.22 to end of chapter).

Major Evolutionary Tendencies for Latin America and the Caribbean

1.27 IICA's activities are carried out in the environment of the Hemisphere. In order to earn its logical place as a leader of agricultural thought, IICA must become adept not only in meeting existing conditions but in anticipating changes in trends, identifying their impact on national situations and adjusting IICA's activities to meet these challenges.

1.28 Diversity and complexity. IICA's responsibilities cover a hemisphere of unequaled diversity in demographic, ecologic, cultural, economic, physiographic, and political conditions. The organization must deal with governments with diverse objectives and structures and mediate among them and with equally diverse donor agencies. These societies are becoming increasingly complex as are their relationships with an increasingly complex world.

1.29 To be effective, IICA must not only recognize this diversity and complexity in its analyses, plans and programs, but must also be able to provide to national rural/agricultural sectors an objective overview of prospects and possibilities. Such objective information is essential to rational political decisions on development priorities.

1.30 Food and Employment. The accelerating twin demand for food and rewarding employment continue to dominate the requirements expected of the rural/agricultural sector. The effects of rapid population growth are exacerbated by rising incomes which, although unevenly distributed, increase the demand for food enough to raise prices and emphasize the need for more remunerative employment. Population pressure is unlikely to moderate in the short run, while the increasing socio-economic complexity described below will maintain upward pressures on income effects in the absence of world wide depression.

1.31 Rural-Urban Population Balance. The natural, accelerating migration of people to urban centers and the internal increase in the latter implies several adverse effects on agriculture:

- (i) The shift in the political balance of power may lead to price controls that reduce production incentives. Agriculture may have to become more efficient in order to live in a policy environment which it may not be able to alter completely in its favor.
- (ii) The demand for cheaper but higher quality food, cheaper ocean transportation, and the more concentrated internal distribution system of the cities, shifts the comparative advantage from domestic toward imported commodities. National agriculture must change in order to meet this challenge.
- (iii) Emigration reduces the size of the rural labor force and increases its costs.

1.32 Limited International Demand. Demand for traditional "non-competitive" exports (coffee, cacao, cotton, sugar, bananas, rubber) is growing slowly, reflecting permanent shifts in population growth, product substitution and consumer preferences. Demand for other specialized products (meat, fruit, vegetables, spices, fragrances, flavoring,

flowers and ornamentals, and some processed foods) remains high, but with increasing quality requirements. The ability of hemispheric nations to prosper through production of unspecialized competitive products (food and feed grains, pulses, oil seeds, frozen juice concentrates) depends upon low costs, high yields and effective marketing.

1.33 This general situation is not apt to change for the better, given the integration of world markets and their increasing complexity and efficiency. Latin America and the Caribbean has lost its general comparative advantage over the last three decades. Only a few nations, e.g., Brazil, have made the necessary shifts in policies, research and development and related support systems which give it comparative international advantage in new products like frozen orange juice, broilers and soybeans.

1.34 Differential Development. The response which different countries or regions have made to changes in market demands have significantly altered their comparative advantage among and within the countries of the region. This leads to a distinct bimodality in which some of IICA's Member States become increasingly prosperous while others find themselves trapped in chronic poverty. This bimodality extends to different segments of the rural populations of these countries.

1.35 The countries will not get out of this trap by wishful thinking; IICA must give increasing attention to the distinct needs of these different populations and country situations, and to assisting Member States to devise means for moderating the differences.

1.36 Increasing technification. Different rates of technification of agricultural systems is the dominant process whereby differentiation takes place. Those countries/subsectors/firms which have been most successful in meeting the demands of the market have done so through application of new and improved technology in the agricultural and food system. The process must extend beyond simple yield-increasing technology to adjust production and marketing processes to save high energy-input costs, meet and correct environmental and conservation problems, and satisfy more stringent marketing and processing requirements.



There are a multitude of factors which influence the successful development and incorporation of technology; these, too, are proper subjects for research.

1.37 Resource Deterioration/Environmental Degradation. Population pressure and unwise exploitation have destroyed a significant part of the natural agricultural resources of the hemisphere. Although this problem has long been recognized, very little has been done about it. The burgeoning population pressure which forces exploitation of increasingly fragile land, the economic imperative to transform natural resources into salable products, the inadequacy and ineffectiveness of government investment and regulation, and the lack of useful knowledge on alternative exploitation are among the causes.

1.38 IICA must expand its efforts to bring the resource and environmental situation and its solutions to the attention of member governments and to help them find effective solutions. The basic agricultural resource -the land- is practically irreplaceable; its loss destroys the sector.

1.39 Higher Energy Costs. Higher petroleum costs affect not only the direct energy costs of mechanized agriculture, they also increase the costs of machines, the costs of inputs, and the costs of alternative energy resources. Indirectly, the petroleum costs pre-empt foreign exchange which might better be used to import agricultural inputs.

1.40 It is improbable that this situation of high energy costs will be reversed. It is also improbable that agroenergy will become competitive with petroleum in the near term, although investigation of this possibility should proceed with all deliberate speed. In the near term, emphasis should be on energy-saving technology (e.g. minimum tillage, integrated pest control), on alternative sources (e.g. small hydro, wind), and on renewable heating fuels (wood and charcoal).

1.41 Expanding the Agricultural Frontier. The physical agricultural frontier is limited to exploitation of the humid tropics and to efficient exploitation of the water resource. Significant progress on how to achieve sustainable use of fragile humid tropical resources is being made by the research institutions included in REDINAA*, CATIE** and NorthCaroline

* REDINNA (Agrarian Reserch Network for the Amazon)

** CATIE (Tropical Agriculture Research and Training Center)

State University. IICA's main concern should be to keep abreast of this research and insure that it is publicized to concerned Member States.

1.42 Irrigation is another means for frontier expansion, which limits risk while it raises production. It also permits a shift to higher value crops, to market scheduling and to a more precise "engineering" approach to agricultural production. IICA should give increasing attention to this area of activity.

B. IICA's MISSIONS AND TARGET GROUPS

1.43 The two major problem areas identified in IICA's Convention were verified after interviewing government officials and IICA staff members in the countries visited, and after studying a number of the source materials provided. One area relates directly to agricultural development issues and the other is more specifically associated with rural welfare.

Agricultural development

1.44 The most important needs stressed were to efficiently produce and market:

- (i) Sufficient amounts of quality food to feed the country's population;
- (ii) Exportable products for improving the country's balance of payments; and
- (iii) Agro-energy products (fuels)

1.45 To be able to satisfy these needs, consideration is being given to the development of commercial-type (entrepreneurial) agriculture*, and to increasing the surface area devoted to agriculture by expanding the agricultural frontier (unoccupied land), incorporating the most advanced technology possible, and without making employment an overriding objective.

* Commercial-type agriculture implies the use of productive technology to satisfy market demand, and cannot be defined only on the basis of farm size or mechanization.

1.46 The production of fuels from agricultural raw materials is receiving high priority in Brazil and, probably, in other countries facing energy problems. Since this activity usually implies the need to use arable lands in competition with food and/or export crop production, this new need will have to be taken into consideration in balancing the outputs of the agricultural sector.

Rural Welfare

1.47 Rural welfare may be achieved through agricultural development and by the frequently resulting expansion of diversified productive activities in rural areas. Yet, for rural populations below the poverty line, rural welfare may, in some cases, require a somewhat different approach.

1.48 Some countries may thus find it advisable to interpret the objective of rural well-being in IICA's Convention, as related mainly to the rural poor, since this is the segment of the population that may require especially difficult solution approaches. This should not be interpreted as implying that other types of rural populations are to be excluded from IICA's activities. As a matter of fact, the Group feels that the selection of target populations and the very definition of agricultural development and rural well-being are best left to the countries themselves (see 1.19 and 1.59). However, the discussion in this report assumes the potentially more difficult approach of interpreting rural well-being as referring mainly to the rural poor.

1.49 As a result of the explicit questions of the Group during interviews with Government officials concerning the problem of rural poverty, the need was brought up for improving the standard of living of the inhabitants of the rural areas that fall below the "poverty line", whether they have direct access to the land or not. This second priority arises particularly in those countries where more than half the total agricultural production is in the hands of farmers falling below the poverty line, and who consume practically all they produce. Thus, they do not contribute significantly to feeding an increasing urban population.

Some concerns Regarding the Solution to Agricultural Development and Rural Welfare Problems

1.50 The Group would like to identify two concerns with regard to strategies for rural development:

- (i) While the Group is in agreement with the need to produce and market food in line with expanding populations, an excessive focus on self-sufficiency within individual countries may work against Member States making the most of the basic principles of trade and comparative advantage. These phenomena should be recognized and utilized as components of a hemispheric strategy for expanding food production.
- (ii) Many of the Member States produce commodities for export to the same markets. The results of over-supplying any given market are well known. Plans for increasing exports should be made in full cognizance of plans by other countries to supply similar products.

1.51 In light of these concerns about strategies for agricultural development, the Group sees an important role for IICA to assist Member States in establishing commodity targets in line with the realities of hemispheric or world markets and the principles of real and comparative advantages as they apply to trade in food products among the countries. In this respect, IICA should also work with other regional and/or hemispheric inter-governmental agencies and economic/political groupings.

1.52 During discussions with national authorities concerning the priorities and approaches to rural welfare, problems posed by the uncritical adoption of technologies beyond national administrative capability and not matched to local resource endowments, were mentioned as points to be carefully considered in future strategies.

Two Missions for IICA

1.53 IICA is thus faced with two overall, seemingly conflicting objectives. But a reappraisal will show that in many countries, at least in the larger ones, rural poverty is concentrated in certain areas, while other areas are already devoted to a more or less efficient



commercial agriculture. Moreover, the products from these different areas do not necessarily satisfy the same markets. Furthermore, a conciliation of productive and social objectives may be possible, in some cases, through the selection of certain commodities to be produced by the "efficient" subsector, while others can be produced by the "marginal" subsector.

1.54 Within this context, the two broad missions IICA can define for itself are therefore as follows:

- (i) To cooperate with the institutions of the member countries in the development of an efficient commercial-type agriculture, with a technology that reflects the countries' possibilities, and that is devoted to the production of quality food and in some cases fuels, for internal consumption, the substitution of imports and the provision of exportable products.
- (ii) To cooperate with the institutions of the member countries in raising the standard of living of the rural populations that fall below the "poverty line" through actions that facilitate their incorporation into the mainstream of agricultural development, or in other employment to enable them to rise above their poverty.

1.55 The main problems that hinder the development of the agricultural sector and affect rural well-being emerge from studies on the conditions of the sector and the rural areas of each country. In some of the countries, these studies/diagnoses have already been made, and can be used by IICA. In any case, IICA should continuously monitor, up-date, store and make available this information, possibly as part of the IICA process of preparing country-level action plans.

1.56 When this type of information is not available, IICA will have to conduct the necessary studies in cooperation with pertinent national institutions. These studies for problem diagnosis and planning should focus on a continuing orientation to the future food, energy, rural standards of living in general, as well as export possibilities. Country-level problems or opportunities must be defined in terms which can be

directly traced to these concerns. Otherwise, there will be great difficulty in prioritizing them and in concentrating IICA's action at the country level on issues which are crucial to their resolution.

1.57 Priorization should be done together with national specialists or institutions. Ideally, there should be common guidelines acceptable to all countries. This joint action forms part of the function of institutional reinforcement. Where there is no national institution to work with, this process can give rise to a planning service for the agricultural sector that can take charge of the ongoing studies of the sector, and the reappraisal of its problems and priorities.

IICA's Target Group

1.58 Over the past decade, the General Plan of IICA has emphasized the need to strengthen the institutions that work with and for the rural poor. The new Convention assigns IICA a similar task of strengthening the institutions working for rural development, but as part of a broad spectrum of responsibilities. Given IICA's area of specialization, the ongoing problems of rural poverty in the region, and the multisectoral nature of the rural development processes, a decision will have to be made about how to achieve a balance between IICA's two missions- agricultural development and rural welfare- in common accord with national authorities.

1.59 In the past decade, IICA defined its so-called humanistic orientation, which sought to extract the rural poor from this condition of poverty. Although IICA thereby defined a specific target group, the Group feels that the Institute's clientele is really composed of the national institutions, including the rural development agencies which deal with rural poverty problems. If a country does not have this latter type of institution, or if the government expresses little interest in this segment of the population, then IICA cannot do anything in this mission area. However, IICA may find it appropriate to attempt to convince the government of that country to do something in this area, helping it to develop its programs or institutions. This attempt will require IICA to establish an accepted leadership, based on scientific, objective studies, rather than on feelings based on emotions.

1.60 The Group considers that the rural poor will continue being one of the main target groups of national institutions because:

- (i) They deserve to be included in all efforts to improve rural well-being; and
- (ii) They can contribute substantially to agricultural development once they have been included in the mainstream of society.

1.61 The fact that IICA has shown so much interest in the rural poor ~~in the past~~ implies the existence of some knowledge and understanding of this problem area within this Institute. It is extremely important ~~that this~~ not be lost as IICA adapts itself to current priorities of Member States. Indeed, an intimate, objective understanding of all types of ~~farm level~~ situations must be an integral component of IICA's work.

C. RECOMMENDATIONS FOR IICA'S OBJECTIVES, STRATEGIES AND LONG TERM POLICIES

1.62 IICA's General Plan should be reviewed and revised to reflect the ideas so far discussed in this report.

1.63 In particular, IICA should act on the basis of programs jointly approved by the Member States, based on the anticipation of problems and opportunities bound to emerge from the trends that are likely to prevail in Latin America and the Caribbean in the next decade, and designed to influence national policies seeking to achieve agricultural development and rural well-being, as defined by the countries themselves.

1.64 IICA, as an agency of the Inter-American System specialized in Agriculture, must remain fully cognizant of the impact of essentially non-agricultural conditions, factors, policies and programs on agricultural development and rural welfare. It must not allow itself to maintain either a view of its environment which is too narrow, or a view of its field of endeavors which is too broad. The former will place IICA in a poor position to successfully select effective programs; the latter would place IICA in a position of trying to achieve much more than its limited resources can handle.

1.65 Because the purpose of food and fibre production is to satisfy markets, IICA should define its field of endeavors to encompass both

the production and marketing of such products. In both areas, it may become involved in attempting to influence public policies and programs which focus on these important economic functions. This includes a wide array of activities such as agricultural sector planning, agricultural research, agricultural trade, agricultural extension, irrigation, and others.

Chapter 2. SPECIFIC ORIENTATIONS FOR 1982/1987

A. POLICY ASPECTS

2.1 Specific orientations for a five-year policy for IICA should consider both general and operational medium-term aspects. The discussion on general policies in this report is based on a strategy to achieve technical leadership and managerial efficiency. The analysis and suggestions on operational policy will emphasize, in turn, program planning, relations with Member States and with donors, and the identification and management of technical resources.

Food Production as a Main Goal

2.3 Most of IICA's work in the last decade has focussed on improving the welfare of the peasant farmer. While this is undoubtedly an important component of IICA's total mandate, there are several factors which suggest that a shift in priorities may be appropriate.

2.2 It now appears that a major concern among Member States is the expansion of food production to keep pace with rapidly growing populations, many of whom are located in urban areas and live on relatively low incomes. In many Member States, if the achievement of this goal is to be realized, it will likely be done by increasing the productivity and efficiency of commercial producers. In some countries (e.g. Haiti) there is a much greater compatibility between the two goals of increased food production and increased rural welfare than in others. Nevertheless, if food production is now the primary goal, IICA should respond by focusing on areas where it can most effectively contribute to this goal.

Program Priorities

2.4 The Group felt that decisions on which specific programs should be established, altered or eliminated were more appropriately a responsibility of the Executive Committee and, ultimately, of the Board of Directors, utilizing a variety of sources of information.

2.5 While the Group has seen initial drafts of some program proposals and has expressed views on the priority of two programs, it has concerned itself much more with making recommendations on the process whereby IICA selects and prioritizes programs than in actually prioritizing the programs themselves. Indeed, in the short run (1982/1987), it may be more

important for IICA to clearly redefine its programs and their purposes than that such programs be the highest priorities of the Member States. This assumes, of course, Member State support for the programs which IICA will operate.

2.6 The Group concern, elaborated more fully below, is that IICA should exert the technical leadership which is its potential destiny rather than seek a low common denominator. This leadership in turn, requires the communication of incipient problems and alternative solutions to Member States and continuous interaction with them, thus emphasizing the need for a carefully organized program planning process.

Medium Term Policies

2.7 Clearly, the most important task facing IICA's current management is to restore and strengthen the confidence of IICA's member countries in their institution. This is the first administration to function under a new charter designed to clarify IICA's status, functions and objectives while encouraging greater participation of Member States in formulating its policies, strategies and programs.

2.8 The Director General and his staff are faced with the most extraordinary opportunities, each of which reflects the problems which beset individual countries, the Hemisphere and the Institute:

- (i) The opportunity to lead, through professional excellence and administrative integrity, the Hemisphere's nations towards the solution of mankind's most persistent problem -the quest for food.
- (ii) The opportunity to involve the Member States in the building of this leadership by providing incontrovertible evidence of the desirability of such leadership;
- (iii) The opportunity to achieve a stable and growing financial status by molding an institution whose technical leadership, performance and fiscal integrity will encourage promptness in paying expanded quotas while attracting extraordinary resources.

- (iv) The opportunity to create a modern management entity with decentralized planning and execution, controlled through effective management procedures (norms, regulations, communications, processes, documentation) which will attract and involve the best agricultural development professionals in the Hemisphere.

Technical Leadership and Managerial Efficiency as Basic for the New Policy

2.9 The Group firmly believes that the Institute's ability to overcome the manifest problems and achieve the full promise of these opportunities rests ultimately in the effectiveness of IICA's performance in meeting its member's needs. Effective performance, in turn, is keyed to professional leadership and managerial efficiency.

Technical Leadership in a Medium-term Policy

2.10 Technical leadership, in essence, requires that IICA respond less to its members' currently felt needs and more to anticipating, communicating and achieving common understanding of their real, longer term needs. It requires that IICA perform less direct technical assistance and arrange more assistance from other sources to satisfy member needs. IICA must cease a futile attempt to cover the entire sector, and concentrate on a limited number of well-defined and appropriately limited areas of unique importance. The Institute must staff itself with agricultural development professionals of undisputed quality and provide them with the appropriate management environment, and assign them the responsibilities required to optimize their effectiveness.

2.11 The technical cooperation environment in Latin America and the Caribbean has changed radically in the past two decades. Throughout the hemisphere, individuals have achieved status at the top of the professional ladder, while even the poorly endowed countries have professional staffs of number and quality not available in the fifties and early sixties. Donor agencies are focusing heavily on agricultural programs and are willing to finance technical assistance up to the levels that recipients will accept. At the same time, professionals now recognize that they do not have to accept the minimum salaries, bureaucratic limitations and political controls imposed by their own countries and have become internationally mobile.



2.12 IICA's manifest destiny is to recognize this changed technical cooperation environment, explain it to its members, and learn how to exploit it for their benefit. Such action will, of course, be to the Institute's long term benefit as it becomes recognized as the agency which can bring the best international expertise to bear on country problems, rather than to be the direct source of mediocre, if broad, capability.

2.13 The technological environment has also changed and continues to change dramatically. High oil prices have directed attention to low-energy agriculture and agroenergy. The genetic emphasis has shifted from high-yielding varieties, which require high input levels to finding varieties which yield well at low fertility levels, and to nitrogen fixing technology. Increased knowledge of plant and animal requirements has led to "engineered" agriculture which assembles all the production elements in minute and precise detail to produce vegetables, broilers, eggs, pork and other products at volumes, qualities and prices more favorable to the consumer than those produced traditionally. At the same time, population pressure and a "laissez faire" attitude encourage the destructive exploitation of natural resources, including the watersheds, upon which advanced agriculture depends. World trade patterns change with technology: Brazil has become the leading exporter of broilers and frozen orange juice concentrate and has become a major exporter of soya; Thailand exports corn and swine; the Soviet Union imports both wheat and feed grains.

2.14 IICA, as the specialized agricultural agency of the OAS, has the responsibility to recognize these trends, analyze their significance, and help its members benefit from them. It is crucial for Member States to plan their agricultural development strategies with full cognizance of the market conditions for the commodities which they wish to produce, and of the consequences of the technologies they wish to follow.

Concentration of Expertise, Scientific Brokerage and Anticipation for Technical Cooperation

2.15 IICA cannot exert technical leadership by volume -its budget is too small and the universe is too large. Neither can it become a leader through technical specialization in all areas - its members' needs are too varied. It can achieve this professional leadership by:



- (i) Concentrating its in-house specialization on a relatively few, carefully specified and problem-oriented programs.
- (ii) Performing a scientific brokerage function to help countries recognize and define their needs and locating the professional talent needed to satisfy them.
- (iii) Anticipating future trends and needs.

2.16 Concentration of Expertise requires that IICA carefully select a few limited areas of concentration within the broad program proposals being elaborated at the time the Group met. This Group is not sure what criteria were used in selecting these programs, but concentration was not among them. The strategy and criteria for program concentration is further discussed in section C of this Chapter (see 2.36-2.50).

2.17 Scientific Brokerage. While IICA must concentrate in-house specialization on a few selected problems, IICA cannot and should not ignore the many other problems of its member countries. These countries need the best possible expertise appropriate to their stage of development and the nature of their problem. When IICA cannot provide this expertise directly and most commonly it will not be able to - it should arrange to provide it by acting as a scientific broker.

2.18 Scientific brokerage is quite a different role from that of managing in-house program specialists and requires different kinds of professionals and procedures.

2.19 Scientific brokerage also requires that this IICA staff have procedures for establishing precise objectives and terms of reference for the prospective advisors. They must be able to locate quickly those experts who have the combination of technical expertise, cultural affinity, and experience to deal with the problems. And they must be able to mediate in establishing appropriate contractual arrangements. Anticipated arrangements include both direct IICA and host country contracts, with funds derived from IICA quotas, IICA special funds or host country funds. We suggest that IICA conduct a special study of alternative contracting modes. Compensation to IICA for its services under these alternative modes should be a topic for inclusion on this study.

2.20 Anticipation. Whether IICA provides technical assistance from its own staff, or through scientific brokerage, technical leadership also requires IICA skill in anticipating, studying and informing member countries of the status and trends of conditions which affect Hemispheric agriculture. IICA must develop procedures and processes for identifying trends, locating specialists to analyze their significance and to help define the programs which may be necessary for their exploitation; securing national awareness, understanding and authorization; obtaining national and donor financing; and arranging for the delivery and acceptance of technical advisory assistance.

2.21 IICA exerts its leadership by identifying problems and possible solutions, by facilitating the solution of country problems and by communicating effectively with its member countries. Throughout, IICA's main stock in trade must be its ability to know what its member countries need, the type and availability of technical resources to define and supply these needs, and the ability to relate these elements successfully.

Managerial Efficiency in a Medium-term Policy

2.22 Managerial efficiency assures that IICA's financial and technical resources are used optimally to satisfy national needs. IICA currently has significant problems which stem from growth, distance, diversity, multiplicity and uncertainty:

- (i) Growth. IICA's membership, budget, staff, donors and physical facilities have grown faster than its managerial procedures and norms have evolved.
- (ii) Distance. IICA's Member States are spread over the entire hemisphere, and communications are not uniformly facile and effective. IICA's headquarters in San Jose is distant from all other bilateral and international donors.
- (iii) Diversity. IICA's members are diverse in stage of development, ecology, culture, and interest. IICA's donors are similarly diverse in procedures and interests. The rural/agricultural sector is a highly complex system and its ultimate beneficiaries - both producers and consumers - have similarly complex needs and aspirations.

- (iv) Multiplicity. IICA's attempts to meet all of the diverse objectives of its members, donors, staff and clients have left it with a set of lines of action that are all-encompassing with hundreds of activities only tenuously related to productive and realizable objectives.
- (v) Uncertainty. The current administration starts its period with a new charter, a highly centralized but poorly specified and regulated management organization and a staff demoralized by its lack of participation. Members and donors are equally uncertain about the value of the institution and how best to use it. The very procedures and processes which IICA uses from personnel management to financial reporting, contribute to these uncertainties.

2.23 Managerial efficiency can be vastly improved with delegation of authority and decentralization, organization and regulation, participation, communication, reporting and establishment of a system of managerial accountability for results:

- (i) Decentralization is a sine qua non to effective management of such a dispersed and diverse field of action. Such decentralization is not just physical but relates to program planning, implementation and decision making with appropriate delegation of both responsibility and authority.
- (ii) Organization and Regulation. Proper delegation requires a common understanding of goals, norms and procedures with responsibility and authority delegated hierarchically commensurate with ability, and with effective control exerted from the center through policies, procedures and regulations. A technically oriented but geographically dispersed organization must have a matrix organization, with operational authority delegated through area offices to country offices and technical authority delegated through program offices to areas and country. Priority attention in establishing norms and regulations could be given to improving the personnel system (career ladder and compensation) and to financial management.

- (iii) Participation. A decentralized matrix organization requires the consent of the governed. Management must provide ample opportunity for expression of views and discussion of issues before setting its limits in order to achieve not only compliance but understanding and zeal.
- (iv) Communication. IICA has a secretive organization. While it gives lip service to national authority and has a major public relations operation, it provides member countries, donors and staff with minimal useful information about its operations. This reticence presumably reduces the need to explain or rationalize conflicting views. Unfortunately, it also reduces confidence and commitment. IICA management must make sure that its members understand what it is up to and that its dispersed staff can readily and effectively explain IICA intent and operations.
- (v) Reporting. Management control requires effective reporting in a decentralized situation and decentralized agents must have the program data and administrative support they need.
- (vi) Managerial Accountability. Management at all levels must be made accountable for results. In order for this to happen, the results expected must be specified both in kind and quantity, and they must be simply and objectively measurable. Any just system of personnel evaluation must be based on such concepts. Such a system of accountability must also incorporate effective and humane measures for dealing with situations where expected results are not achieved.

2.24 All management improvements should be guided by the twin objectives of:

- (i) Attracting and maintaining the staff needed for professional leadership.
- (ii) Enhancing member and donor confidence in IICA as an institution.

B. OPERATIONAL POLICIES

2.25 The emphasis on providing professional leadership through program concentration, scientific brokerage and anticipation, has strong implications for IICA operations. Besides the personnel selection/maintenance requirements and management efficiencies already described, particular stress must be placed on program planning, relations with member countries and donors, and identification and management of technical resources.

2.26 Program Planning. Program planning here refers to the panoply of activities from identifying a trend, analyzing its significance, comparing alternative responses and designing programs and projects. It also includes evolution of program impacts and their redesign. The major changes which the Group proposes in this process have, specifically, to do with selecting, defining and justifying the program. The Group holds that IICA's current programs provide a facile way to attribute a country's request to a program, rather than an effective means of concentrating resources. IICA must be concerned with member countries' request, but temporal requests should not determine program content, although they may contribute to it. An effort should be made to satisfy these requests, providing a flexible service which does not have to hinder the concentrated focus attained through well-defined programs.

2.27 The "Program" proposals submitted to the Group, like the "programs" they replace, have the capacity to encompass all activities in the agricultural sector. It is thus possible to respond to any request through attributing the request to a program. The total coverage also flouts the principle of concentration, unless this is defined by the included projects.

2.28 At the national level, countries usually get from IICA the type of assistance they want, but since Board action is commonly limited to programs, Member State participation in jointly determining IICA's priorities is effectively denied.

2.29 IICA must develop a program planning process which secures objective information on country activities and interest, defines and delimits problems and alternative solutions, determines feasibility and anticipated impacts, selects and justifies a limited set of activities, and secures the Board's informed consent.

2.30 Relations with Member Countries and Donors. IICA too often appears in the role of supplicant for country approbation of donor resources. As the agricultural agency of the Inter-American System, IICA should be the leader and guide. Such a leadership role must be earned - not stated - but IICA has the capacity to achieve such a role if it defines its objectives in useful, attainable terms, and directs its performance to achieve them. It must, however, attain the enthusiastic support of its member countries for that role.

2.31 In emphasizing IICA's potential leadership role, we must point out the difference between leadership and direction or supervision. Neither countries nor donors should countenance any IICA attempt to direct their respective efforts. However, both should be pleased if IICA uses its good offices and broader knowledge to help a country apply for donor assistance, and to help that assistance to be used effectively by providing appropriate technical assistance.

2.32 IICA must initiate this process of achieving leadership by defining and delimiting the role which it wants to fulfill and by convincing its members that such a role is appropriate. It should not expect member countries to initiate such a definition, although their comments can help shape it. IICA must also secure recognition from other donors of its chosen role. This will be particularly important, if IICA wishes to perform effectively as scientific broker for donor-financed programs. Once such a role is defined and accepted, it must be continuously reinforced by effective performance in the desired areas, and by avoiding extraneous activities.

2.33 Identification and Management of Technical Resources. IICA's productive capital is in its people. IICA can add to that capital by training and experience or by acquiring more people. The value of that capital can be depreciated through obsolescence or inappropriate use. It can be lost to IICA entirely when the individual in whom it is implanted dies, retires or resigns. It can be made extremely productive by leverage, that is, by its ability to find and utilize other human resources. Recommendations on the management of technical resources is given in 5.27.

C. BASES FOR A MORE EFFICIENT CONCENTRATION OF IICA'S PROGRAMS

IICA's Areas of Competence and Concentration

2.34 In order to fulfill its two missions (see 1.52), IICA could -in principle- develop actions along the broad, all-inclusive, thematic approach of the current seven Lines of Action, the programs contained in the former Medium-term Indicative Plan, and other programs more recently approved by the Board. This all-encompassing approach, however, resulted in too wide a dispersion of efforts.

2.35 The Group feels that IICA's areas of competence, in the future, should be derived from the following existing characteristics:

- (i) IICA is an international institutions and, as such, can do things that the member countries cannot do for themselves.
- (ii) It is an institution that can offer talent, experience and expertise, specialization for dealing with programs and/or projects, over the long, medium and short terms.
- (iii) It is an institution viewed by the countries of the Continent as their own; it is close by, flexible and reponds quickly and without the pretensions that often accompany the granting of funds.

Concentration

2.36 IICA's functions, as assigned by the new Convention, provide the Institute with such a broad area of competence that it must be further sub-divided, beginning with IICA's programs. The Medium-term Indicative Plan broke down the sphere of competence into seven lines which were then divided into programs. Today, these programs end up addressing all possible problems of agricultural development and rural well-being. It is essential therefore, to begin concentrating actions so that the areas of competence ultimately occupied by IICA will be consistent with the possibilities of its human and financial resources.

2.37 The Group believes that, in order to be effective, IICA must concentrate its in-house specialization on a few well chosen problems. To do this, IICA must undertake a careful study which should extend beyond the existence of country demand, traditional IICA interest and

the possibilities for cooperation and complementarity among Member States and other donors (see paragraphs 2.42 to 2.50).

2.38 The concentration process can be done at the level of programs as a whole, reducing their number and limiting their scope. Concentration can also be effected within an existing program, as when the Plant Protection Program is reduced temporarily by limiting it to inter-country quarantine situations, or as when the current IICA-Southern Cone/IDB program concentrated on four production lines. Finally, it is possible to concentrate actions at the country level, by limiting operations to a few projects. The Group feels, however, that as a medium term policy, IICA should strive to concentrate its actions through a clear definition of a reduced number of programs. with precisely drawn objectives.

2.39 It may be useful to distinguish between a potential sphere of competence and a concentration of actions and resources. The sum of all programs, task forces and other technical activities that currently appear on the organizational chart (see Proposed Program-Budget for 1982 and 1983) can be viewed as an extremely general type of sphere. This sphere could potentially include all issues related to the agricultural sector in which any country, at any time, may happen to turn to IICA for assistance in solving some problems or in handling a given opportunity which has arisen.

2.40 If IICA can devise a low-cost means of keeping up to date on the basis of satisfactory, useful knowledge (a few experts, the use of computers, library, access to other data banks, etc.) it may not be necessary to reduce the area of competence, that is, of the potential that it could offer in terms of the purposes assigned by the Convention. If IICA has a high level of experience and information in the overall institutional area, it can keep itself up to date on changing problems and can act quickly in the face of shifting priorities in the countries. This can be done by serving in the capacity of a scientific broker (discussed earlier) for those areas in which IICA does not have concentration through programs.

2.41 The Group feels that it is not in a position to define the specific areas of concentration, but that it can recommend some procedures to be applied to the selection of these areas.



Criteria for Program Concentration

2,42 IICA has so far used mainly framing criteria for developing its programs. Both framing and analytic criteria should be considered in the programming process for the prioritization and selection of areas of concentration. The problem or the opportunity to be selected should clearly emerge from the diagnosis made, imply a feasible solution or action, and suggest the possibilities for achieving a significant potential impact.

Framing criteria

2,43 The criteria to be used in program framing should include specification of demand, possibilities for cooperation, complementarity with other programs and the potential for indirectly influencing policies.

2,44 There should be a demand by one or more countries, which can be clearly related to accepted indicators of agricultural development and rural well-being. This demand can be ascertained by:

- (i) Board mandate (authorization to initiate a new program)
- (ii) Country request (as defined by one or several countries)
- (iii) Evidence of an existing problem which IICA can help solve (as defined by IICA)
- (iv) Donor interest (as defined by some other organization willing to finance a specific operation)

2,45 The action to be taken should fit the concept of cooperation with existing institutions, between countries and, if necessary, coordinated with other international agencies, specifying IICA's comparative advantage of working in a given program area. IICA should be careful to avoid inefficient duplication of efforts of other agencies. This should be helpful in promoting inter-country collaboration and interest, identifying opportunities to guide, complement or expand other agency, donor or country resources, and identifying opportunities for filling in where there are evident gaps.

2,46 Additional criteria for program framing could be the complementation of other IICA programs and the potential for indirect influence on public policies of the target country or countries, in light of past IICA experience and the availability of qualified staff.

Analytic criteria

2.47 Programs that are approved by the Board should be based on the proper identification of a specific problem, an analysis of the feasibility of IICA's action in the area, and on an analysis of the program's possible impact.

2.48 The Board should analyze whether the problem addressed by the program(s) can be clearly specified and measured, and whether alternative solutions have been studied with due consideration being given to the benefits of these alternatives, and to their incidence on the target groups.

2.49 The Board should be provided with an analysis of the economic, technical, social, cultural and political feasibility of the approach taken by IICA programs.

2.50 Proposed programs should be assessed, comparing on with another, on the basis of their quantifiable impact over time on national policies and programs, on the different economic and social sectors, on their effectiveness as related to their respective inputs, and finally on IICA's budget and organizational structure.

D. RECOMMENDATIONS FOR THE ADJUSTMENT OF IICA'S INTERNAL ORGANIZATION

2.51 IICA is emerging from a period of excessive centralization which also saw the establishment of individual IICA missions in each member country. There is an evident need to adjust the administrative structure of the organization to achieve the management efficiency required for effective leadership and renewed member country and donor confidence.

2.52 Creation of a Matrix Organization. In the past, IICA has operated "programs" at the country level, through its country missions. While this is an appropriate organization, it does not provide IICA with the mechanism needed to achieve overall concentration. IICA needs to develop a concentration on programs of specific content which will give both the Institute and its country action plans both form and substance. IICA must therefore develop and staff programs of more than country scope, and manage these to serve operations at the country level. The resultant equality of geographic (country) and substantive (technical) programs would be the basis for a matrix organization.

2.53 Some aspects of a matrix organization, e.g. country relationships, are logically dominated by the geographic, while other aspects, e.g. technical content, are dominated by the substantive, while still others require varying degrees of collaboration. The viability of the system requires understanding and good will, and the active participation of senior management when conflicts arise.

2.54 Re-establishment of the Area Offices.* A geographically dispersed organization with 26 country offices requires an intermediate management structure to which most of the program and operating decisions can be delegated. The re-establishment of the area field offices would meet that requirement.

These offices should be managed with attention to the following somewhat conflictive principles:

- (i) Delegation of as much responsibility as possible to the lowest organizational level. This would include considerable responsibility for program decisions, resource allocations among countries, representation and dispute resolution.
- (ii) Achievement of management economies of scale. The smaller country missions do not need a mission director level of representation, a full array of technical capability or full administrative services, but they do need representation and technical and administrative support. As the area offices are re-established, a conscious decision should be made on the staffing and organization of each of the country offices.
- (iii) Area Locational Concentration. The area offices must be located in such a way that they are accessible to their included countries and to IICA headquarters. Program offices may or may not be decentralized, in whole or in

* Area operations are usually identified as "regional" operations, within IICA. Yet, IICA also identifies Latin America and the Caribbean as a region. The Group saw fit to identify as "Area" any subregional administrative organization that IICA may decide to define for decentralizing its operations.



part. To the extent that they are, program personnel should be located in the area office unless they are assigned to work in a single country.

2.55 Physical Decentralization. The decentralization process in which IICA is involved may well extend beyond the area offices to include parts of the subdirectorates or of the programs. There are two conflicting principles with which IICA must be concerned: the need to coordinate and the need to delegate. It is usually easier to coordinate if all parts are centrally located, because the communication links are shorter. However as the links between headquarters and the field, and between IICA and external agencies and member countries become longer, to delegate becomes increasingly more important.

2.56 In deciding what and where to locate its decentralizing units, IICA should try to adjust to these competing needs by decentralizing parts of the programs or subdirectorates to those sites close to where the work must be done, keeping those parts of diverse units together at decentralized field locations e.g., the area offices. This will provide some of the economies of management scale and some of the critical organizational mass essential to effective, decentralized operations.

2.57 If the programs approved by the Inter-American Board of Agriculture are to serve in guiding and orienting the solution of high-priority problems, taking advantage of opportunities to have an impact beyond the more taxonomic categories for classifying budgetary allocations, IICA must develop mechanisms to avoid conflicts between its area and national offices, and between programs. In addition, it must be aware of the natural flow of coordination and cooperation among programs and between the programs and the offices and areas. This is one of the essential conditions of an efficient, effective institution. It implies a new type of organization, known as a matrix, that justifies a very special training of personnel and the hiring of high-level consultants. It is now viewed as natural for researchers to be given the chance to achieve the highest possible level of academic training and, similarly, it would be necessary to apply the same type of requirements to IICA's technical personnel in the area of managerial skills. This acceptance of, and familiarity with, the matrix type of organization should cover the entire staff, including managers, executives and administrators.



2.58 Another way to reverse the likely and undesirable tendency of programs to isolate themselves is to have someone with strong leadership skills and the necessary authority, who is accepted by the coordinators and participants in the programs. This person would be able to impose fluid mechanisms for coordination and cooperation among the programs and between the programs and the area and national offices. In addition, there should be frequent meetings among program coordinators and between the coordinators and the area directors and national representatives, to talk about the many facets of cooperation and coordination and to reach agreement on the procedures to be followed.



Chapter 3. PARTICIPATION OF MEMBER COUNTRIES

3.1 Point 2(a) of Resolution N°6 requests the In-House Working Group to prepare terms of reference for the Group, bearing in mind the objective of:

"Improving the mechanisms by which member countries may participate more effectively in the identification, preparation, implementation, completion and evaluation of IICA's projects in member countries, and in the multinational projects in which they are involved."

3.2 The Group was asked to make recommendations on "how to improve the real participation of the member countries in the Institute's executive organs (Inter-American Board and Executive Committee) and the participation of national agencies in the design, implementation, and evaluation of the operational tools by which cooperation is given to the countries."

3.3 Consideration of ways to achieve this participation requires a discussion of the concept of country participation, the analysis of current participation and the proposal of guidelines for this topic in the future.

A. PARTICIPATION AND MULTINATIONAL COOPERATION

3.4 The Group endorses the implicit suggestion of the Working Group that there should be two levels of participation by member countries --one at the level of the Board and the Executive Committee and another at the level of participating technical agencies in Member States. The first should logically be concerned with the authorization, selection, prioritization, and evaluation of IICA programs. The second should logically be concerned with the joint design, planning and implementation of programs as well as with the identification, selection, prioritization and evaluation of the projects which comprise these programs.

3.5 The Group rejects the implicit notion that IICA's function is "to give cooperation to the countries". Instead, the Group views IICA as a mechanism whereby member countries may achieve selected forms of cooperation among themselves. As such, IICA is an operation tool of the Member States. However, it can only effectively operate in ways which Member States collectively agree it should operate. IICA should not therefore be viewed as an organization whose function is to "give cooperation to the countries". Its

function is to operate programs which the Inter-American Board authorizes to operate, the programs being the selected forms of cooperation.

3.6 IICA must, of necessity, be cooperative with those countries which collaborate, participate and cooperate in these programs. But it also must reject requests from individual Member States to use program budgets for purposes other than those for which they were approved by the Board. In doing so, it may sometimes appear to be quite unco-operative. It should be noted that individual Member States can avoid such situations arising by not requesting IICA to perform functions beyond the scope of those approved by the Board. Furthermore, the scientific brokerage approach suggested in 2.17 for areas of competence which cannot be of concentrated action, should take on a broad variety of services not included in programs.

B. EXISTING PARTICIPATION

3.7 Currently, participation of member countries is achieved by the following means, operative at different decision-making levels:

- i. The Inter-American Board
- ii. The Executive Committee
- iii. The National Advisory Committee (in countries where these exist)
- iv. Contacts between IICA country representatives and designated persons in the governments of member countries.
- v. Personal contact between IICA staff and staff of government agencies in member countries.
- vi. Participation of personnel of governments of member countries in some regional meetings sponsored by IICA.
- vii. Evaluation of some IICA projects carried out for governments of member countries --usually done by the contracting agency.
- viii. Involvement of IICA personnel on ongoing work of agencies of member countries (e.g. agricultural planning).
- ix. Initiatives of member countries concerning particular projects which they would like IICA to undertake.

3.8 In some countries, many of these mechanisms are operative; in others perhaps only two or three may exist. Furthermore, the relative usefulness of a given mechanism is extremely varied among countries. The Group is not in a position to fully explain why such variation exists. But this varied degree of usefulness should be noted and taken into account in formulating suggestions for future action. In view of this situation, it is important to recognize that the recommendations which the Group has made must be implemented in such a way as to obtain effective participation as opposed to establishing standardized mechanisms for all Member States. The latter is very likely an impossible task.

3.9 Some of the reasons for limited participation by Member States in the past appear to be their particular perceptions with respect to the following:

- i. Limited financial contribution of Member States to IICA
- ii. Limited voice on the Board or Executive Committee
- iii. Information on IICA programs not readily and quickly understood
- iv. Difficulty in working through the Board to come to grips with issues affecting IICA's activities in one's own country.
- v. Limited level of IICA activities in the country relative to other public expenditures (IICA is therefore of low priority to the country).
- vi. Limited opportunity to influence IICA decision, since IICA is sometimes viewed as independently making its own decisions.

3.10 On the other hand, some individual Member States have discovered that, either through personal contact, or by the provision of extra-quota resources or some combination thereof, they have not only been able to participate in the selection of IICA projects in their country, but they have also been able to utilize IICA as an administrative mechanism or as a source of technical expertise which was otherwise difficult to acquire. In such instances, it would appear as though IICA has, to a very large extent, become a service agency for the individual Member State. In such situations, IICA cannot be regarded as operating a program which a number of Member States have collectively decided would be useful to carry out, however useful the particular form of cooperation may be for a given country.



C. RECOMMENDATIONS FOR COUNTRY PARTICIPATION

3.11 There appears to be a clear potential conflict between participation of member countries and concentration of IICA's efforts. If one increases the participation of individual Member States in deciding what IICA will do, how does one concentrate resources on high priority issues which Member States as a group may feel are important? The answer to this question must be the skillful and diplomatic use of a sophisticated participation mechanism which provides for:

- i. Involvement of groups of Member States in program design and program planning at the technical level.
- ii. Decisions by the Inter-American Board on program proposals including allocation of funds among programs and based on detailed technical reports from working group(s) at the technical level.
- iii. Management of IICA programs within the budgets and scope approved by the Board.
- iv. Involvement of groups of Member States in program evaluation and re-design.
- v. Involvement of individual Member States in development, implementation, and evaluation of the projects carried out in their respective countries.
- vi. Development of country action plans comprised of projects from a carefully selected sub-set of IICA's programs.
- vii. Ensuring that in every Member State, IICA has an action plan which addresses several significant and important issues for the country (as defined jointly by IICA and the country).
- viii. Allocation of IICA's funds for the implementation of the scientific brokerage policy discussed from 2.17 to 2.19.

3.12 The Director General and the Executive Committee should take a more active role in evaluating program performance and in screening suggestions for new programs (see 2.26 to 2.29). The results of their work in these areas has to be reported to the Board along with recommended budget allocation among programs. In order to carry out these responsibilities, the

Executive Committee and the Director General should establish formal mechanisms to monitor and evaluate program performance and these should include reports from groups of country agencies involved in programs and the participation of well-qualified technical persons entirely outside of the program itself.

3.13 The Director General and the Executive Committee should take responsibility for ensuring that, when IICA is authorized to operate an approved program, funds allocated to the program are not diverted to other purposes, nor is the program re-structured so as to change its original intent, without Board approval.

3.14 When programs are under development or in operation they should contain provision for the relevant national technical staff from groups of countries to come together to identify common problems/opportunities and approaches to their resolution, and to evaluate projects undertaken in the program to date.

3.15 When new programs are being presented for Board approval, program design groups should review the final IICA program presentations and discuss these with their country IICA Board member/delegation, so as to provide a basis for country opinion of the program being proposed.

3.16 The IICA country representative, with support from relevant IICA program staff, should be assigned the responsibility of promoting all IICA programs among relevant country agencies, encouraging their participation, and assuring their high level of interest.

3.17 Each Member State should designate an official liaison contact, preferably within the Ministry of Agriculture, and at a senior level. This person should be in a position to provide support to the country's representative to the IICA Board. This liaison person would be responsible for assisting the IICA country Director in identifying agencies which might participate in IICA programs and establishing country priorities in participation. This liaison person and the country representative may establish, as they see fit, a national advisory mechanism or committee regarding IICA activities.



3.18 In view of the fact that the Executive Committee and the Director General are chosen by the Member States, it is critical that they plan an active role in expressing the views of the Member States regarding IICA's overall operation whenever required between Board meetings. Additionally, they should also facilitate the Member States expressing their views as part of the collective decision-making process which determines what IICA should do and how it should go about it.

3.19 Groupings of countries should be encouraged to discuss IICA programs at area meetings, either established for this purpose or as an adjunct to other activities. The IICA Area Director would play an important role in this regard. This applies to both levels of participation mentioned earlier. (i.e. Board and Executive Committee and participating national technical agencies).

3.20 The Director General, whenever possible, should visit each country prior to the biannual Board meeting to provide interested officials in the country with a personal report on the ongoing work referred to in 3.12, and to seek their views on these matters. In these visits he should be accompanied by one of the Executive Committee members relevant to the country.

3.21 As part of the biannual IICA Board meeting, provision has to be made for members of the Executive Committee to hold meetings with the Board members from the countries they represent, in order to discuss the work outlined in 3.12 above, and consolidate the results of earlier visits and meetings.

3.22 In light of the recommendations contained in 3.19, 3.20 and 3.21, the country grouping structure of the Executive Committee should be reviewed to determine if it is the most appropriate for this purpose.

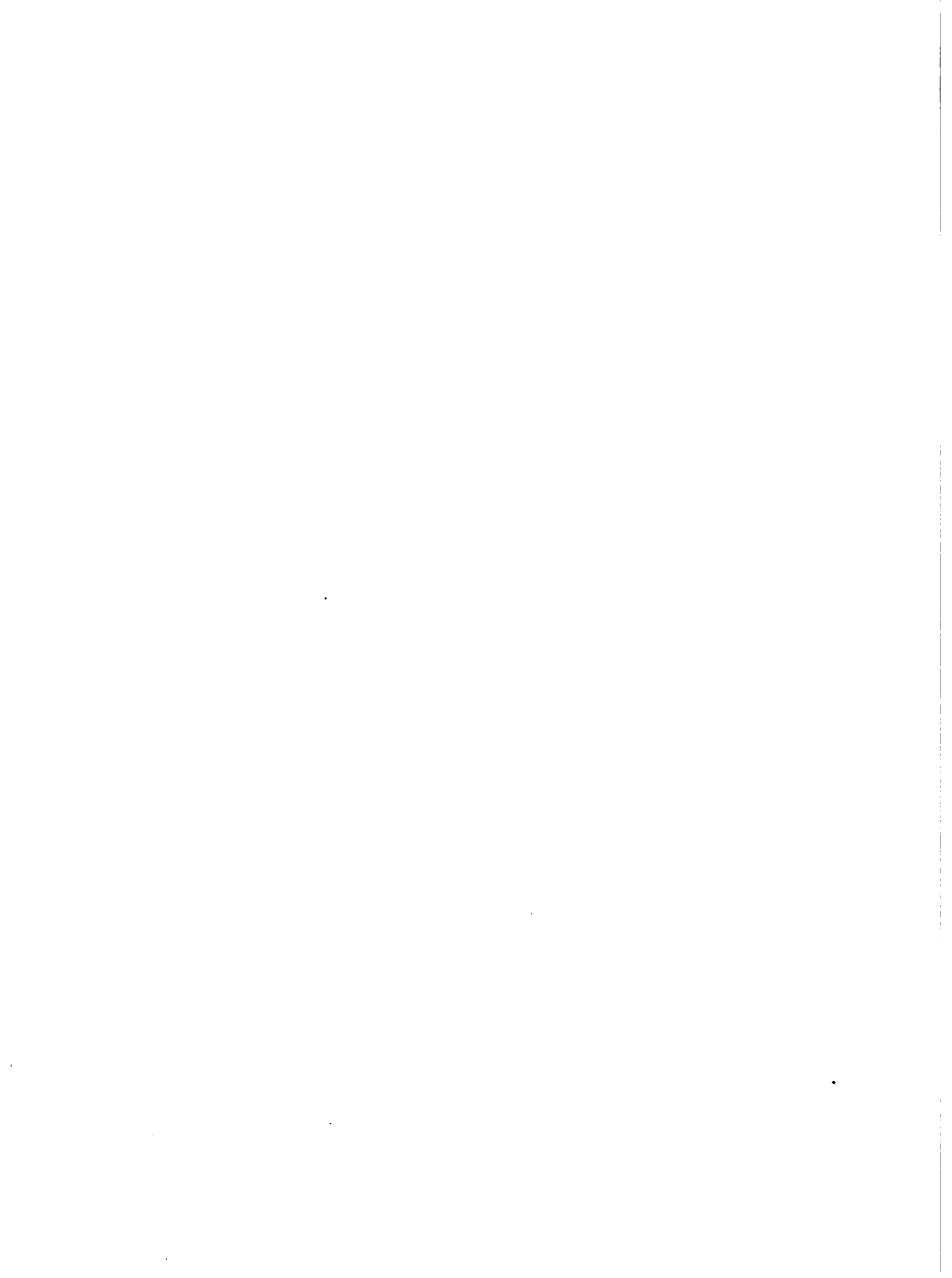
3.23 In order to give each Member State more of an interest in IICA, as their organization, all countries should be encouraged to:

- i. Increase their quota contributions to IICA. In order to avoid the high foreign exchange cost of such contributions, a mechanism should be developed to allow Member States to provide in-kind contributions of office space and salaries of national staff to serve in local IICA offices.

- ii. Ensure that IICA offices are located within, or in close proximity to the Ministry of Agriculture.

3.24 The Executive Committee should prepare, for consideration by the Board, a list of responsibilities for IICA Board members. As Board representatives may come from different agencies or levels within countries, and may change from time to time, it is important that each Board member have a clear understanding of his/her responsibilities well in advance of the Board meeting which he/she is attending.

3.25 More stringent effort must be made to avoid obscurity or misinterpretation by member countries in Board resolutions. For example, officials in several of the countries visited by the Group were under the impression that the IICA Board had created a permanent observer group via Resolution N° 6.



Chapter 4. IICA'S EXTERNAL RELATIONS

A. COOPERATION WITH OTHER AGENCIES

4.1 The terms of reference prepared by the in-house working group specifically asked for recommendations regarding the important issue of the relationship between IICA and its institutional environment.

4.2 IICA is one of many agencies and institutions operating at the international level that assist Latin American and Caribbean governments in agricultural development and rural welfare endeavors. In some instances, the mandate of IICA will overlap with that of other agencies and so, in order to make the best use of available resources, it is imperative that IICA so manage its affairs to minimize duplication of effort and indeed to strive for symbiotic relationships with such organizations.

4.3 IICA's ultimate objectives of improving agricultural development and rural welfare are shared by many organizations. The potential for these organizations to collectively influence these worthwhile ends is very large. However, such an influence can only be optimized through a determined effort to do so. IICA has an opportunity in this area to lead, by the example it sets in selecting, designing and operating programs in order to complement and strengthen those of other international agencies. IICA's mandate in this aspect is quite clear and is given in Articles 4 (c) and (d) and Article 8 (h) and Article 20 (e) of the new Convention.

Types of Agencies

4.4 The various international agencies or institutions may be considered to be of two major types:

- a. Funding Agencies, and
- b. Technical Cooperation Agencies

Even though these two categories are not always mutually exclusive, they suggest two main thrusts for IICA. Each of these categories may be further subdivided into:

- i. National;
- ii. Intergovernmental executing agencies/institutions;

iii. Political/Economic Groupings; and

iv. Private sector organizations.

4.5 It is important to note the complexity of the system which IICA has to deal with at the international level, since this will indicate the need for an IICA structure that will at the same time have some of the attributes of a department/Ministry of Foreign/External Affairs of a national government, while at the same time having the ability to operate in cooperation with these agencies in the manner that a sectorial department/Ministry of Agriculture would operate for the execution of projects. IICA must learn the characteristics of these various agencies and show a high degree of sensitivity, particularly when dealing with the national and intergovernmental agencies.

B. FUNDING AGENCIES

4.6 The most important aspect of IICA's contact with funding agencies will be for the soliciting of finances to support IICA's major program thrusts. In addition, IICA may assist these agencies by undertaking contracts for special projects, provided these fall within the overall objectives of IICA and do not divert institutional resources from the approved programs or otherwise weaken the Institute.

4.7 If substantial additional funding is being offered, or if the area of interest implies a new program area for IICA, then prior approval of the IICA Board should be mandatory. Further, IICA may act as a "broker" in obtaining funds from such agencies to support national or regional projects to be undertaken.

National Agencies

4.8 Examples of agencies in this category are the U. S. agency for International Development (USAID), the Canadian International Development Agency (CIDA), the Overseas Development Administration of the United Kingdom (ODA), German, Dutch, French, Venezuelan, Mexican and Japanese Aid, the Caribbean Aid Council (Trinidad and Tobago), and others, as well as the semi-autonomous agencies such as IDRC (International Development Research Centre of Canada).

4.9 It will be noted that these agencies are North American, European, Asian as well as Latin American and Caribbean; the two last categories being of limited and defined coverage, are aimed at certain Latin American or Caribbean countries, whereas North American, European and Asian agencies are global in scope.

Inter-governmental Agencies

4.10 The European Economic Community, which operates the European Development Fund, may be considered an intergovernmental funding agency whose resources are currently contributing to agricultural development in the area. The development banks also fall into this category of intergovernmental agencies, namely the World Bank (IBRD), the Inter-American Development Bank (IDB), the Caribbean Development Bank (CDB), all of which have technical assistance programs in agriculture.

4.11 The various agencies of the United Nations system (apart from (UNDP) provide technical assistance rather than funding and so will be described below more fully under (C. Technical Cooperation Agencies)

Political/Economic Groupings

4.12 Examples of such grouping are given in the Organization of American States (OAS), the Sistema Económico Latinoamericano (SELA), the Central American Economic Grouping (SIECA), the Cartagena Agreement of the Andean Countries, the Caribbean Common Market (CARICOM), the Caribbean Development and Cooperation Committee (CDCC). Many of these agencies, which are governed at a political level, but with permanent secretariats, are directly involved in agricultural development in the region. However, they do not usually provide project funding, and so will be discussed more fully under C.

4.13 The Consultative Group for International Agricultural Research (CGIAR), provides substantial funding to support the international agricultural research institutes and IICA will need to collaborate with this system, either directly with CGIAR, or indirectly through the international institutes. Thus, in this way, IICA may receive funding from CGIAR, even though this type of cooperation is more properly discussed under C.

Private Sector Organizations

4.14 This will include the private foundations such as Ford, Rockefeller, Kellogg, the National Science Foundation, and FONAIAP (Venezuela) all of which provide substantial funding of agricultural programs, globally, regionally or nationally. Private sector organizations of the aforementioned type are of particular importance to support agricultural research and often their funds are

provided with fewer restrictions than is the case with many of the national or intergovernmental agencies.

C. TECHNICAL COOPERATION AGENCIES

4.15 The most important aspect of IICA's contact with other technical cooperation agencies will be for the purpose of cooperating towards a more efficient use of overall technical and financial resources available for agricultural development and rural well-being in Latin America and the Caribbean, avoiding present duplications and seeking the development of well integrated networks.

National Institutions

4.16 A good example of such an institution is the U. S. Department of Agriculture (USDA) with its program for international cooperation. The USDA program may relate directly to trade, plant and animal quarantine, exchange of germplasm and exchange of information. No doubt, as collaboration between Latin America and Caribbean countries increases, more national institutions will become involved in regional and inter-national programs and IICA should encourage such development. L'Institut National de la Recherche Agronomique (INRA), Institut de Recherches Agronomiques Tropicales et des Cultures Vivrières (IRAT) and Office de la Recherche Scientifique et Technique Outre-Mer (ORSTOM) (French Government) also have collaborative programs in Latin America and the Caribbean.

4.17 Many Latin American and Caribbean countries have founded Councils for Science and Technology, some of which have a major interest in agriculture, and are therefore appropriate entities with which IICA could develop collaboration, though some of these are not prone to operate across national boundaries.

Intergovernmental Agencies

4.18 The United Nations agencies mentioned earlier (Food and Agriculture Organization (FAO), U.N. Educational, Scientific and Cultural Organization (UNESCO), World Health Organization (WHO), International Labor Organization (ILO), International Fund for Agricultural Development (IFAD), U. N. Industrial Development Organization (UNIDO), and many others) fall into this category with their overall or regional mandate agreed on at periodic meetings of their governing bodies, which then enables them to operate at the national level.

4.19 Institutions such as the Tropical Agricultural Research and Training Center (CATIE), the Caribbean Agricultural Research and Development Institute (CARDI) and the University of the West Indies should also be considered. If IICA develops a program in Agroenergy, then it must collaborate with OLADE (Latin American Energy Organization)

4.20 With respect to the UN agencies, the foremost of these with which IICA must cooperate is FAO; a good example of cooperation in an area of overlapping mandates is given by IICA's relationship with FAO in the area of agricultural information. In this case, FAO has agreed that IICA will discharge the mandate for Latin America and the Caribbean, with the information system to be used by IICA being compatible with that of FAO. In like manner, the Caribbean countries have given a mandate to Economic Commission of Latin America (ECLA-Caribbean Office) to develop an agricultural information system for those countries, and no doubt a similar arrangement may be made between ECLA and IICA as exists between IICA and FAO.

4.21 The British Commonwealth system provides technical assistance to member countries in the English-speaking Caribbean and also provides a system for collaboration between these countries. With regard to the European Economic Community, the Lomé Convention provides a funding and cooperation mechanism for a number of countries in Asia, Africa and the Caribbean (ACP), including projects in the field of agriculture. The Caribbean Agricultural Research and Development Institute (CARDI) is an intergovernmental agency for the countries of the English speaking Caribbean, with a mandate for those countries similar to IICA's mandate for Latin America and the Caribbean. Also of significance is the establishment of the Caribbean Food Corporation (CFC). It is of great importance, therefore, that a working relationship be developed between IICA, CARDI and CFC to avoid duplication. The relationship, as with other similar relationship should be symbiotic and synergistic.

4.22 With regard to research institutions, examples of such organizations with which IICA must collaborate are CATIE, INCAP (Nutrition Institute for Central America and Panama), ICAITI (Industrial Research and Technology Institute of Central America), the Animal Diseases Centre and the University of the West Indies. The International Agricultural Research Institutes located in the region are also included here (CIAT-Tropical Agriculture, CIMMYT-Corn and Wheat Plant Breeding,



CIP-Potato Institute) although the CGIAR, which funds them is perhaps more correctly classified as a Political/Economic Grouping under (B), above.

The International Service for National Agriculture Research (ISNAR) provides advice and institution building support in agricultural research and they will have similar activities to some of IICA's projects.

4.23 At the sub-regional level, the newly formed Caribbean Council for Science and Technology is developing agriculturally oriented projects which will be of interest to IICA. Similar mechanisms offer like opportunities in other sub-regional grouping.

4.24 With respect to IICA's relationship with sub-regional, international and national research institutes, there are three aspects to be considered:

- i. the technology generated by such institutions can be a resource on which IICA can draw for its programs;
- ii. association with such institutions can assist IICA staff to keep up to date with their specialist fields; and
- iii. IICA can provide support to these institutions by: a) contracting needed research work to them, b) taking initiatives in securing funding for the institutions, c) providing advice on research management, and human resource development, and d) by encouraging and promoting the development of collaborative research programs, to develop a network system (See 6.22).

For example, the research programs of the University of the West Indies, in Trinidad, have many areas of possible overlap with the research programs of CATIE, but direct exchange is limited by the language barrier. There is thus an important role for IICA to play in overcoming the language barrier to promote exchange and collaboration between these two institutions.

4.25 With regard to the network system, IICA can play an important role in developing and exploiting the broad potential offered by new tele-communications systems, including the use of satellites.



Political/Economic Groupings

4.26 As indicated in 4.13, these agencies include the OAS with which IICA has a special relationship, OLADE, SELA, SIECA, the Cartagena Agreement, CARICOM and CDCC, and others. There are also arrangements whereby Ministers of Agriculture meet in the different regions either under the auspices of a political/economic grouping or in a less formal way.

4.27 Many of these agencies have programs and projects which would fall within the scope of IICA's mandate, particularly in the social and economic sphere, but sometimes in the conceptualization and implementation of technological projects. IICA must therefore be in close touch with the secretariats of these organizations, and where appropriate, also maintain contact at the political level.

4.28 IICA must also be responsive to new developments such as the Caribbean Basin Initiative (CBI), which on the donor side may include the USA, Canada, Mexico and Venezuela, and on the recipient side, may include Central American and Caribbean countries. In the case of the recipients, there should be collaboration with ECLA and CARICOM, since these two agencies are providing these two groups of countries with technical support in their response to the CBI.

Private Sector Organizations

4.29 Apart from the Foundations already mentioned in 4.15, which are mainly funding agencies, many Universities may be considered under this category since although they may be supported by public funds, they usually have a degree of autonomy which can allow them to operate independently of governments. Commodity organization and professional associations also fall into this category of private sector institutions. Thus, IICA's program in research/training and in development projects will involve collaboration with such institutions. With respect to training in short courses at undergraduate and postgraduate levels, IICA should utilize the various national universities as well as the regional centres, such as CATIE and the University of the West Indies, and the international centres such as CIAT, CIMMYT and CIP.

4.30 IICA must promote the establishment and strengthening of professional associations (ALCA - Latin American Food Crops; ALPA - Animal Production, ASHS - Horticultural Science, CFCS - Caribbean Food Crops, PCCMCA - Basic Crop Plant Breeding, Central America) which can provide a most valuable resource for the agricultural sector; similarly with respect to commodity associations. In the Caribbean, ECLA has a mandate to

to encourage the establishment of agricultural commodity associations, and IICA could collaborate in this process. Also, associations of institutions (ALEAS-Higher Education, ALEAP-Postgraduate Education, AIBDA - Documentation, and others) provide an important and influential group with whom IICA must maintain contact.

4.31 Finally, IICA must develop a policy for dealing with corporations in the private sector, both at national levels and with the transnationals. For example, in the areas of food trade, agrochemicals, and seed production and supply, the transnationals may play a significant role in agricultural development which IICA cannot afford to ignore.

D. CONCLUSIONS AND RECOMMENDATIONS

4.32 Given the complexity of external institutions, described above, with which IICA has to deal, the internal IICA organization must be carefully planned so as to make the best use of the opportunities provided. The two major areas of Funding Agencies and Technical Cooperations Agencies may require separate and distinct treatment, perhaps by different sectors of IICA's management structure.

Funding Agencies

4.33 Dealings with funding agencies must relate closely and directly to the office of the Director General and should include a strong unit in Washington which would provide direct access to USAID, the World Bank, IDB, CGIAR, FAO (Washington Office), and could also relate to the OAS system and to UNDP in New York. This aspect could be located in a unit "External Funding and Board Matters". Board aspects are included, since an important part of matters relating to the Board will be the quota contributions, and it would be convenient to deal with other Board matters such as the calling of meetings, special votes and so on, through the same office. Even though this Office would relate directly to the Director General, the system for dealing with funding of IICA, and for IICA as a "brokerage" agent for funding of national and regional institutions, must recognize the role of IICA's National and Area Directors as well as Program Leaders, in making initial contacts with funding agencies, particularly at the sub-regional (area) level, and in developing project proposals for funding. In this respect, Area Directors will have an important role to play, since they can be in contact with both national and regional programs of funding agencies.



4.34 This unit could be of extraordinary importance to IICA, given the relative isolation of IICA's headquarters. Its functions should include the following activities:

- i. Donor Liaison. Reporting on the development interests of donors and their documentation requirements and resource granting requirements, and guiding the preparation and processing of IICA requests. The unit should also be responsible for transmitting and interpreting concerns of donors with IICA's operations to the General Directorate.
- ii. Public Relations. Informing donor agencies, the Inter-American System and members about IICA and its accomplishments. It should also maintain a continuous watch on the progress of member contributions, informing the Director General of any changes in prospects and the reasons thereof. It should be prepared to provide detailed actual data about any part of IICA's operations.
- iii. Technical Support. The unit should be able to obtain and report rapidly on any kind of available data affecting the Latin American and the Caribbean Agricultural Sector, individuals and organizations working on problems of particular concern to IICA, sources and specifications of commodities required by IICA programs, and sources of financial support. This function may solely require adequate coordination with the research and analysis suggested for the Programs Sub-Direction in Figure 3, Chapter 5.
- iv. Program Coordination/Collaboration. Reporting on the Latin America and Caribbean development programs of donors and other international organizations in order to avoid undesirable duplication, and assistance in negotiation or arranging the complementarity of IICA's program with those of these other agencies.

- v. Liaison with other Agencies of the Inter-American System (IAS).
Assuring the coherency of IICA's role within the IAS, by reporting on policy and program trends and the management and operating policies and practices of other IAS agencies.

Technical Cooperation Agencies

4.35 The relationship of IICA to the various national, regional and international agencies will be sustained on a working basis by the programs and operations subdirections and therefore, those two subdirections*, as represented by field staff, national directors and, most particularly, Area Directors, will play a critical role in these relationships. However, the policy, and formal agreements where these are appropriate, would be the responsibility of a unit to be named "External Cooperation". This unit should compile a list of institutions of possible collaboration, with their characteristics to assist the program and operations divisions.

4.36 Consideration should be given for a part of IICA's budget to be designated specifically to the support of national and sub-regional centers of research such as CATIE (See 6.22), including training at all levels at such collaborating institutions.

4.37 Sensitivity on the part of IICA in dealing with collaborating institutions should include recognition of institutional objectives and many necessitate IICA's deliberately playing a subsidiary role in order to obtain the objective for which the collaboration has been established. Due recognition must be given to the role and contribution of individuals. Not to do so often jeopardizes any possibility of future collaboration.

4.38 In view of the importance of external relations, it is suggested that consideration be given to the appointment of Sub-directors to head each of the two major units proposed (External Funding and Board Matters and External Cooperation), the coordination being done at the level of the Office of the Director General who might be advised by a Standing Committee of External Relations. Such a committee should include persons external to IICA selected by the Director General. Alternatively, leadership might be at the level of Directors in which case the Director General and/or his Deputy would need to play an even greater role in the two units.

4.39 In any event the final management structure which emerges will have to be an internal decision of IICA. Such decision, however, would be based on

* For Area Operations and for Programs, as suggested in Fig. 3, Chapter 5.



the principle that:

- i. these are two major thrusts;
- ii. the difference between these should be clearly recognized; and
- iii. neither of these should be subordinated to the other.

4.40 The structure to be adopted should also have, as part of its functions, a major thrust in the removal of language barriers and the development and use of new technologies in telecommunication between institutions and between countries. The utilization of budgetary resources for removing language barriers and for communications would be done in close association between the program leaders and the head of the division for External Cooperation.

4.41 It should be noted that the concept outlined above does not include routine public relations activities which might better be handled by the documentation centre of IICA, but with a close working relationship with the two units dealing with external relations. The documentation centre should also assist in the compilation of the lists of collaborating institutions, and IICA can provide an important service to collaborating institutions and to national governments by keeping them informed on a regular basis on the calendar of international meetings of significance to agricultural development in Latin American and the Caribbean. Governments and institutions are unable to send representatives to all of the important meetings, but IICA could maintain contact with such meetings and supply summary reports on the more important ones.

4.42. Since the various institutions discussed herein involve a wide cross-section of professional, governmental, and private sector interests, and important spin-off benefit of collaborating with them will be that IICA and its work will become known to a considerably greater audience than if it were to work only through official government liaison which is usually the Ministry of Agriculture. Thus the support for IICA and its programs will be stronger and will no doubt exert influence on the position of Board members in providing greater resources to this Institute.

Chapter 5. COST EFFECTIVENESS OF THE INSTITUTE

5.1 One of the guidelines which Resolution N° 6 provided for the In-House Working Group which prepared the terms of reference for the Group was:

"Considering ways of better identifying and analyzing administrative costs in IICA and of possibilities for reducing such costs."

5.2 The Group found it unusual that it should be asked to address this cost issue since the group itself was selected for:

- i. Their knowledge of agriculture and rural life in Latin America and the Caribbean; and
- ii. Their familiarity with IICA's doctrine and strategy.
No experts in cost accounting or financial administration were included in the Group.

The Group concluded that this reflected a general concern by the Board for the cost effectiveness of IICA as an organization (as opposed to a concern for minimizing overhead or fixed costs). The fact that there did not appear to be any commonly-accepted definition of 'administrative costs' which the IICA Board, management, and staff could relate to, strengthened this view. Additionally, the frame of reference provided by the In-House Working Group oriented the Group to consideration of the overall cost effectiveness of the Institute.

5.3 The development and implementation of suitable project selection criteria for each program should contribute a great deal to making effective use of approved program budgets. Similarly, the development of a sound program selection, monitoring and evaluation procedure will assist in prioritizing programs and allocating funds among them in line with accepted criteria (2.42 to 2.50). Finally, the delegation of authority and the development of a system of accountability for objective and measurable results (See 2.23) should contribute substantially to the effective use of allocated

funds. Given this situation, the Group has elected to make some general comments in three areas that related to overall cost effectiveness:

- i. Organizational structure
- ii. Personnel or human resources (policies, training, development)
- iii. Budgeting and financial management

5.4 The three areas selected for discussing IICA's cost effectiveness have important implications for identifying, analyzing, and reducing costs and producing desired results. However, the Group considers that it should be the responsibility of IICA management, not an outside consulting group who has been selected for knowledge of Latin America and the Caribbean, to deal in depth with the issue of reducing costs. Nevertheless, the Group acknowledges that some outside financial advice may be appropriate for this purpose. If so, it should be obtained from an appropriate source, once a new organizational structure has been established and a revised set of programs has been decided upon.

A. ORGANIZATIONAL STRUCTURE

5.5 The Group found IICA's current organizational structure to be unduly complex and poorly suited to the clear establishment of responsibilities and the wise management of financial resources in different areas of responsibility.

5.6 A large (65%) share of IICA's total expenditures are attributable to direct personnel costs. Other operating costs such as travel, rents, telephone, etc., are, in turn, indirectly determined by the employment of professional staff. Thus, the group suggests that the first step in improving overall cost effectiveness should be the establishment of a simple organizational structure wherein most of the staff of the Institute are concentrated on carrying out ongoing activities and specific programs as determined by the process outlined in 2.37 and in keeping with the points made in relation to Adjustments to IICA's Internal Organization (2.51-2.58).

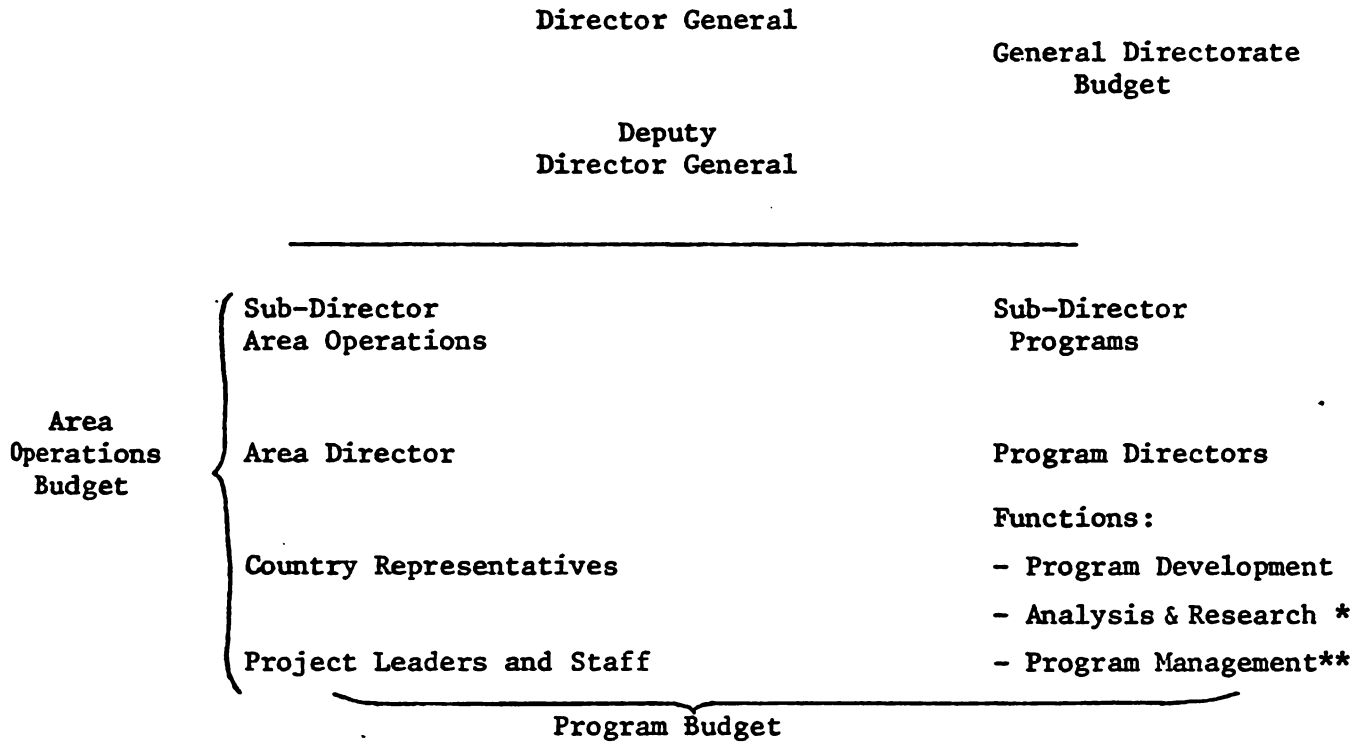
5.7 A suggested structure appears in Figure 3. In this proposal, managerial staff and Head Office support would be confined primarily to:

- i. The General Directorate;

- ii. Four levels of management in Area Operations (Sub-Director, Area Directors, Country Representatives and Project staff; and
- iii. Two levels of management in Programs (Sub-Director and Program Directors)

Most other staff would have specific program and/or country operational responsibilities, or program services attached to Operations. The total operating budget of the Institute would logically fall into three major categories; as indicated in Table 1.

FIGURE 3. A suggested structure for IICA



* Activities needed for long-term orientation (1.3 to 1.9) should be taken care of within this function at program subdirection level. However, some research needed for the effectiveness of an individual program can also be undertaken at that level.

** Program managers should be responsible for program office plus program budget allocated by country and area.



Table 1. Budget Subdivision and Responsible Officers

<u>Budget Subdivision</u>		<u>Responsible Officer</u>
General Directorate	-	Director General
Area Operations	-	Sub-Director, Area Operations
Programs	-	Sub-Director, Programs

5.8 Within the broad budgetary categories indicated in Table 1, budgeting responsibility could be delegated as follows:

General Directorate	-	Director General's Office
	-	External Relations*
	-	Deputy Director General's Office
	-	Human Resources (Personnel and Consultant)
	-	Finance and Administration
Area Operations	-	Sub-Director's Office
	-	Area Director's Offices (control over country budgets)
	-	Country Offices**
Programs	-	Sub-Director's Office
	-	Program Directors

5.9 Reducing "administratives costs" would then become a matter of:

- i. Maintaining the minimum budget in the General Directorate to supervise and service Area Operations and Programs while supporting Board activities and maintaining relations with international agencies. (Service required should be determined by line managers (Operations), not by support unit managers).

* External relations, as recommended in 4.38, would require two different units, maybe each headed by a subdirector.

** This does not imply that there would be an IICA office in every country. Some smaller countries might be serviced from the Area Director's Office.

- ii. Maintaining the minimum level of Area Operations needed to carry out approved, ongoing activities and manage program funds allocated to the country and regional levels. Funding should also be available for serving country demands through scientific brokerage.
- iii. Allocating the remaining budget to Programs and establishing a modest level of this (say 10%) for Program Development and Analysis (research support).

5.10 Program budget would be allocated to Areas and Countries in accordance with project selection criteria developed for each of the various programs. Program Directors would maintain a two-part budget consisting of:

- i. Centralized program resources, and
- ii. Program resources allocated by area and country offices and fiscalized at these levels.

Program Management and Area Operations Management would both be responsible for attracting extra quota resources to enhance approved programs within the umbrella established by external relations units. Decentralization of programs and their technical and administrative directors would be achieved as described from 2.54 to 2.58.

B. PERSONNEL OR HUMAN RESOURCES

5.11 The most important ingredient of IICA's activities is the staff which carry out the work of the Institute. Overall, the Institute cannot be better than the quality of the staff it maintains. Moreover, this staff must be efficiently utilized. They must be provided with an appropriate management environment and assigned the responsibility, authority, and accountability for the results which each must achieve. IICA's management strategy and personnel policies must be oriented to obtaining and maintaining a set of highly-qualified personnel services at a fair and reasonable cost. Dealing with this issue in depth is substantially beyond the capabilities of the Group both in terms of time and talent. However, it is a crucial one for the future of the organization. The Group urges management to give it high priority (at the appropriate time) and to call on specialized personnel management consulting services as required for this purpose. The Group only wishes to note some of the peculiarities in the human resources area which have given rise to this particular point of view.

5.12 The Personnel Regulations of the Institute contain certain items which appeared to the Group to be rather unusual. As example:

- i. Article 18 indicates that "staff members shall neither seek nor receive instructions from any government or any authority outside the Institute." At the same time, many Institute staff members are expected to work on projects where they are, for all intents and purposes, responsible to officials of governments of particular Member States. This apparent contradiction should be clarified.
- ii. Article 31 identifies a number of positions in the Institute as being positions of trust without defining what a position of trust is. It appears to mean that occupants of these positions are to be selected for their personal loyalty to the Director General. If so, the Group questions whether this is in the best long-term interest of the organization and recommends that the concept be reviewed.

5.13 IICA's norms and regulations assign the Director General an unusually large individual responsibility in personnel matters. Among his other responsibilities he must:

- i. Sign all appointments or personnel contracts.
- ii. Establish procedures for confidentiality.
- iii. Set salaries, allowances, and other benefits of international professional staff.
- iv. Determine whether applicants meet the qualifications required for their positions.
- v. Authorize special leave.
- vi. Terminate appointments (under defined conditions).
- vii. Dismiss staff for serious misconduct.

5.14 Given the fact that the Director General is an elected official who has numerous other responsibilities, the Group recommends that the Board seriously consider making the Director General responsible only for ensuring that appropriate procedures are established to ensure that approved



policies are implemented. This would encourage him to set up appropriate mechanisms within the organization to administer the approved policies in a fair and equitable fashion, while ensuring that the Institute has an adequate complement of competent and well-trained staff. This is consistent with the recommended expansion of the Director General's activities in longer-term planning and relations with Member States.

5.15 Significant confusion appeared to exist among staff regarding current personnel policies of the Institute, even though available, and in written form, in:

- i. The new Convention.
- ii. A personnel manual (and supporting documents)
- iii. Supplementary directives from the Director General.

(These three sources appear to disagree on some points, however)

Additionally, it appears that policies are not always administered in accordance with these stated versions of policy. In this respect, the Group received with satisfaction the notice that IICA will start complying with the policy of showing its personnel their respective evaluation sheets. This could be an important step in developing an authoritative personnel management process.

5.16 A very high degree of variability appears to exist in terms of the suitability of individual staff members for performing the jobs they were assigned. Some individuals are extremely well-qualified for their jobs and, in the right environment, are capable of producing excellent results. Some manage to do so in spite of the environment. Others are obviously not well-suited to their functions. Tenure within IICA seems to override technical qualifications in both specialized management and program appointments.

5.17 IICA's recruiting procedures do not appear well-suited to obtaining the best staff for particular positions. For example, the publication and advertisement of available posts is quite limited.

5.18 No organized staff training and development program appears to exist. New staff receives minimal information regarding the Institute, its policies, and its programs.

5.19 A number of IICA senior staff members are now approaching retirement age with no evident plan for selecting and developing their replacement. A 41.8% of IICA's regular international professionals are over fifty years old, suggesting an age structure not particularly conducive to a well planned replacement policy.

5.20 IICA appears to be over-committed to permanent staff and under-committed to the maintenance of a highly-qualified core management group who collectively make and carry out the decisions which can make the Institute a success or failure. The former commitment is reflected in the number of staff who, while working on field projects on supposedly two-year assignments, have remained with the Institute for a longer period of time. The latter commitment is reflected in the lack of a management training program, limited delegation of authority, substantially different skills and qualifications for individuals doing essentially the same job, the lack of a career development plan, and the frequent turnover of persons in some management positions.

5.21 There seems to be a general feeling of IICA staff that the difference between their own level of excellence and that of the national officers they are dealing with is getting smaller and smaller and there are already cases where IICA staff can add little or nothing to the expertise of some national officer or group of officers in technical matters. It is, nevertheless, imperative, that IICA staff have something in common for transferring to national officers, beyond the specific capabilities developed within a given program. That could very well be a solid knowledge in institutional management sciences by every member of IICA's technical, managerial and administrative staff. An institution interested in the improvement of other institutions will have to be able to show a high level of excellence in its own management and every staff member should be able to sort of "instill" knowledge on management in an ongoing and unobtrusive fashion to the national officers he is working with.

5.22 The Group also addressed itself to the question of whether or not a practice of two-year appointments for many staff is appropriate. Staff assigned to projects or programs might logically be appointed for the expected duration of the project or program, with periodic performance reviews. Staff

occupying core managerial positions might logically have continuing appointments, again with regular performance reviews.

5.23 The Group is encouraged to see that IICA has already recognized many of these problem areas and has been planning a management development program. A consulting group (Coopers and Lybrand) reviewed this proposal and their study was made available to the Group.

Recommendations

5.24 It is recommended that a complete review of all personnel policies and their administration be undertaken, with a view to developing a more appropriate set for future operations. This should include:

- i. Classification of Positions
- ii. Compensation (positions and location)
- iii. Recruitment
- iv. Staffing Procedure
- v. Staff Development and Career Planning
- vi. Salary Advancement (promotion)

5.25 The Group endorses the approach to human resources recommended by the consultants Coopers & Lybrand. However, it does see fit to make the following comments:

- i. It is now appropriate to change the organization structure, as suggested earlier in this Chapter (5.5, to 5.10)
- ii. While the Group recognizes that IICA exists to provide services (as Coopers & Lybrand report indicates), it would like to emphasize that IICA must produce selected services which will help Member States define and fulfill their objectives in agricultural development and rural well-being through agriculture.
- iii. The need for IICA to plan its personnel requirements implies a need for longer term program planning by IICA. Senior Management and the Executive Committee should focus on fulfilling this need and establish systems whereby day to day management can be delegated.

- iv. Design of a suitable compensation program for IICA staff will be a major challenge. There is a need to have a firm idea of what the organization is going to do and how it is going to be done before this is undertaken. The system should include a means for rewarding extraordinary technical and management performance other than through re-assignment.
- v. The establishment of a matrix management approach within IICA creates substantial opportunities if managers want to make it work.

5.26 The personnel policies of the Institute should be approved by the Executive Committee. Ensuring the implementation of the policies should be the responsibility of the Director General. Line managers should, however, have considerable latitude to make decisions within this policy framework. They cannot be held accountable for results if personnel decisions are taken by support staff groups. Given the intimate relationship among personnel policies, personnel decisions, and cost of operations, responsible management of budgeting resources implies delegation of staffing decisions within established policies. The Personnel staff group should then serve all levels of management in order to achieve effective use of budget and personnel resources. It may be appropriate to institute a personnel audit function to enable the Executive Committee and the Director General to monitor the Institute in this regard.

5.27 All of IICA's operating policies (2.25 to 2.33), must give primacy to this human resource dimension. Specifically, IICA should:

- i. Develop an organizational structure and management style which encourages the fullest utilization of individual capability. This should include a revision of the formal personnel system; delegation of authority and responsibility under effective supervision; counselling for self-development.
- ii. Develop a refresher/development training system which moves people hierarchically in accordance with capability, and provides necessary technical and management training through work-related short courses. IICA should develop 'intern'

relationships with international agricultural research centers, universities or other agricultural organizations, and keep no less than 10 percent of their staff involved in such 6 to 12 month internships.

- iii. Follow a policy of involving leading external specialists in planning and evaluating IICA programs and in helping fulfill country demands.
- iv. Develop a comprehensive file of suitably qualified and pre-evaluated technical resources (people and organizations) who can be used directly or as a networking resource to find others, as needed.
- v. Evaluate administrative and management procedures for their impact on the effective use of personnel.

C. BUDGETING AND FINANCIAL MANAGEMENT

5.28 In order to improve the cost effectiveness of IICA as a whole, it is essential that financial systems and procedures be conducive to making intelligent choices among programs and projects, implementing these at reasonable cost, maintaining cost effective support functions, and monitoring the costs actually incurred against budgets for program and support activities. While the budgeting and financial procedures now in place within IICA provide significant opportunities for management and the Board to carry out these activities, some areas of concern were identified. The Group does not propose to recommend specific solutions for these concerns. However, it suggests that the Executive Committee and IICA management seek appropriate outside assistance as necessary to find solutions.

5.29 The Group was concerned about the effectiveness of financial reporting. Projected cash flow statements and balance sheets were not in use. A great deal of detail was available on projected and actual expenditures but few useful summaries of this information existed. Attention needs to be paid to what is reported to whom for what purpose. The needs of different levels of management in the new organization need to be clearly defined and reporting systems modified to accommodate them. Quality information as opposed to quantity should be emphasized. Internal financial reports now appear to contain a great deal of information which is not used by IICA management for any purpose.



5.30 When the Board is requested to approve a program budget, information provided should be sufficient to enable it to understand how the financial resources will be utilized, what will be done, and how this will achieve the desired input on the problem (s)/opportunity(s) addressed by the program. Financial reports on programs would permit comparison of expected use with actual use of resources.

5.31 IICA's accounting systems have not kept pace with the needs of a growing organization. While some reporting has been computerized, much of the work is still handled manually. This, in part, is responsible for some of IICA's cash flow problems. One cannot bill a funding source for services performed until the required data on cost of services is available. The time lags in the existing systems require IICA to support its donors, some of which have far larger resources than IICA. The modernization of IICA's accounting systems to save costs and to meet the future needs of the organization in performing services with extra-quota resources should be given very serious consideration.

5.32 Given the organizational structure outlined earlier and a suitable accounting system, IICA should be able to develop a rational set of overhead rates to apply against different programs and in specific circumstances. IICA management should seek assistance from a major international public accounting firm to define alternative sets and suggest their application and the effects which such rates and application would have on the Institute. This study and the Director General's recommendation should be referred to the Executive Committee for their study and approval and referral to the Board. Once approved, the rates* should be applied to all programs in accordance with the Board's policy.

5.33 The substantial expansion of extra-quota resources which IICA has received in recent years, most of which are covering marginal costs of operation, has probably forced a diversion of quota resources from programs to overhead. This can be avoided in future by the introduction of appropriate overhead charging policies.

* Rates vary from time to time with the shifting cost structure of the Institute, but the principle and method of calculation is constant.

5.34 The Group feels rather strongly that, if IICA clearly defines the results it wishes to achieve, managers should be given considerable flexibility in how they use their budgets to achieve such results. While development of proposed budget allocations is a collective responsibility, their execution should require and authorize many individual managers the flexibility to use their available funds as effectively as possible.

Centralized financial administration services should be designed to enable managers to do this while ensuring adherence to standard financial policies, procedures and loans. Such services should help managers to find ways of achieving results within these policies, rather than making financial decisions for them.

5.35 The Group endorses the approach to finance and accounting suggested in the Coopers & Lybrand report and encourages IICA to follow this route in modernizing its budgeting and financial management and reporting procedures.

5.36 The Group does not consider that financial information provided to the Member Countries in its program budget gives them sufficient information to enable them to judge the managerial competence of the Institute or to make an informed choice among program allocations. In part, this is a function of the way programs are designed, and the Group urges IICA to make every effort to involve the national technical level in designing these programs, including the detailed budgets, as discussed in 3.14. In part, this defect is due to the inadequacy of detail in the program budget. Given the global nature of each program, an informed choice among programs and an appreciation of management capability requires an analysis of the component parts of these programs. Similarly, it is difficult to analyze personnel cost-reflect-salary, fringe benefits, country-specific allowances, or relocation costs.

5.37 Finally, the budget does not present a unifying cash flow scheme which shows when country contributions are expected, plus expected disbursement of extraordinary resources against the constant and variable rate of incurred expenses. A realistic detailed cash flow program is the very essence of management of an organization as complex as IICA. It not only reassures the manager when things are going smoothly, but it alerts him to timely action when things go wrong.

5.38 As indicated in the second chapter of this report (See 2.7 onward, Medium Term Policies), the most important task facing management is to restore and strengthen the confidence of member countries in their institution. Part of this confidence will derive from improving the Institute's technical performance. Part will come designing and delimiting programs with the participation of member countries and outside experts. The third element is to make these member countries full partners in the financial management of their institution.



Chapter 6. THE FUTURE OF CATIE

6.1 Given the need for IICA to define its policy with regard to CATIE (Tropical Agricultural Research and Training Center), particularly since the agreement with the Government of Costa Rica which established the Center in its present form terminates in 1983, the Group presents its opinions, based on the following considerations:

- i) Resolutions N° 6 and N° 14 taken by the Inter-American Board of Agriculture in August of 1981;
- ii) The report on the analysis of the contractual status of CATIE prepared in March 1981 by the Committee asked to evaluate the contract;
- iii) The opinion of staff members at IICA and at CATIE, and national officials in the member countries visited; and
- iv) The Group's own recommendations relevant to IICA.

A. GENERAL FRAMEWORK FOR DEFINING POLICIES FOR CATIE

6.2 CATIE's total resources (economic, physical and human) are now at the stage where the center can have a very significant impact on agricultural development in its areas of thematic and geographic responsibility. A weakening of its programs at this point in history could, in the longer run, have major adverse implications for Latin America and the Caribbean.

6.3 The Group also believes that there are important and significant opportunities to improve and strengthen CATIE's contribution in Central America. It is vital, therefore, that any future organizational and financing modifications for CATIE be oriented to achieving this goal, as opposed to a broader mandate area.

6.4 CATIE is ideally located to play an integrating and coordinator role in agricultural research throughout Central America, and could well orient some of its actions in this direction with the aim of contributing not only to the Center's reinforcement, but also to building up the other research organizations in the area, as well as improving lines of communications, and the exchange and dissemination of information between them.

6.5 It is important that the relationships between CATIE and IICA and the role of CATIE be clearly defined so as to ensure complementarity and avoid duplication of effort. IICA can achieve this by defining its role relative to CATIE in much the same way as it should relative to any other research and teaching institute in Latin America or the Caribbean.

B. DESIRABLE BASIC CHARACTERISTICS FOR CATIE

6.6 The Group believes that some basic characteristics are essential for CATIE, if it is to adequately fulfill its role as an international organization specializing in agricultural research, training and the transfer of technology. The characteristics discussed from 6.7 to 6.12 should be carefully considered in defining any new organizational arrangement.

6.7 Permanence. The very nature of the center requires that permanence, stability and work continuity be indispensable requisites.

6.8 Technical Autonomy. Once institutional objectives and the frame of reference have been clearly established, the institution should have total technical autonomy for the preparation, elaboration and implementation of its research programs and projects.

6.9 Integral Approach. The institution's work should be characterized by an integral, overall, multidisciplinary approach, encompassing the basic components of agriculture (plants/animals; water-soils/environment), as defined for a given ecological or geographic area (or areas).

6.10 Multinational Approach. The institution should develop its expertise more specifically in resolving problems not normally covered by national institutions, since its very nature involves perspectives which transcend national boundaries.

6.11 Originality. Institutional endeavor should be characterized by originality, implying the need for innovative, imaginative and realistic approaches to agricultural problems.

6.12 Excellence. A major characteristic of the institution's work should be excellence; this can only be assured with institutional staff members of the highest academic or intellectual levels; by quality rather than by quantity.

C. RECOMMENDATIONS

Recommendations for the Inter-American Board of Agriculture

6.13 The Group strongly believes that CATIE should continue performing a role as an agricultural teaching and research institute, focussing its efforts on Central America.

6.14 Efforts should be made to secure increased financing for CATIE from IICA member countries. If member countries are unable to provide this, they should be encouraged to seek this from other donors.

6.15 In order for CATIE to continue and strengthen the work in which it is involved, it is critical that an adequate continuing core budget be established and that the technical and administrative direction given to the Center be strengthened.

6.16 The Group also believes that IICA should take the lead in ensuring that the relationships between IICA and CATIE are clearly defined, and that an organizational structure for CATIE be established so as to ensure the maintenance of these conditions.

6.17 Because of the important past contribution of the Member States (through IICA) to the development of CATIE, the Group also feels that IICA (as a representative of the Member States) should continue to have a significant voice in the direction of CATIE. However, care should be taken to ensure that this does not divert CATIE from its mandate area. In light of IICA's intention to establish an area direction for Central America, consideration must be given to effecting this voice (at least in part) through his/her office.

6.18 In order to establish an adequate core budget for CATIE, IICA should approach potential donors who have a particular interest in agricultural development in Central America and determine the terms under which such a budget could be set up. IICA and CATIE should have core budgets that are determined independently.

6.19 Ideally, the core budget for CATIE should come from the countries within its geographical mandate area. However, the Group realizes that this is not possible in the short run. The Group also believes that alternative acceptable arrangements may very well be established.

6.20 Future transactions between IICA and CATIE should be conducted on a business--like basis. If either organization requires service from the other, it should be purchased. Notwithstanding the foregoing and in view of historical relationships, geographical situation, and common interests, there should be many opportunities for collaboration between CATIE and IICA. The form of collaboration which should develop, should be in keeping with the mandate and the interest of the respective organization.

6.21 One particular area of collaboration which should be explored is the possibility of one or more IICA programs heads (or staff) working out of CATIE and other centers of excellence in research and teaching. This could serve to strengthen ties with other such institutions throughout Latin America and the Caribbean, while helping IICA maintain highly-qualified technical staff in the program areas.

6.22 The Group firmly believes that IICA should give serious consideration to the designation of networks of agricultural research centers throughout Latin America, directly or indirectly supported by the institutions* that would develop integral work program approaches within their respective areas of influence, as in the case of CATIE. This would serve to avoid dispersion and dilution of CATIE's actions, and would contribute among other aspects, to the provision of more adequate, appropriate attention to the specific problems surfacing in the different subregions of the continent.

* This means that new institutions should not necessarily be established but existing national institutions could be strengthened in order to expand the range of their activities.

Recommendations for the Management of CATIE

6.23 CATIE should continue in its role as an agricultural education* and research institution, focussing its efforts on Central America. This does not preclude the use of the research results for other geographical areas nor should it imply a change in its training approach in general tropical agriculture.

6.24 The Group also wishes to endorse the approach taken by CATIE in concentrating its efforts in the biological sciences with sufficient social science involvement to assist in the orientation of these efforts. The Group strongly encourages CATIE to continue its inter-disciplinary approach.

6.25 The outreach approach taken by CATIE should continue to be an integral part of its work, both to ensure the distribution of its research findings and to provide a practical focus for the research and teaching activities of the Institute. At the same time, nevertheless, increased effort in more basic research will, over time, be needed.

6.26 The results of CATIE's research programs should be evaluated periodically by a technical group from outside the institution, comprised by experts in the relevant fields of specialization, with authority established at the highest administrative levels within the new organizational hierarchy at CATIE.

6.27 CATIE's programs can very likely be strengthened by expanding communication links and/or developing joint projects with other scientists working on problems in similar climatic areas.

6.28 CATIE should strengthen its ties with member countries in Central America by obtaining legal status in these countries. Until this is effected, CATIE would continue to use the good offices of IICA within these countries.

* The Group strongly endorses the involvement of CATIE in the joint post-graduate program with the University of Costa Rica in the biological sciences.

Chapter 7. TWO SPECIFIC PROGRAMS

A. GENERAL COMMENTS

7.1 The Group was asked to review drafts of two new IICA program proposals: agro-energy and natural resources. These programs are being developed in response to Resolutions 16 and 17 of the August 1981 Board Meeting.

On the Two Draft Programs

7.2 In reviewing the two program proposals, the following concerns were identified:

- i) There had been relatively little discussion with the appropriate agencies in Member States to clearly identify perceived problems or potential interest in such programs.
- ii) There were no completed illustrative projects showing what impact the programs would likely have. To the Group's knowledge no such projects have been undertaken by IICA in the newly proposed programs, even though the Institute has some experience in topics related to them.
- iii) There was little or no detail on related programs operated by other international agencies to show how the proposed IICA programs would complement other such programs.
- iv) There were insufficient substantive measures or indicators of the overall magnitude of problems or opportunities in the program areas. For example, in the agro-energy program, little evidence was presented to show the benefits of increasing energy output from crop production. Nevertheless, some important work in this respect has been done and is extremely revealing (e.g. importance of wood).
- v) The strategies for influencing such problems or opportunities were not clearly defined. As a result, one could not gain much of an insight into how an IICA program might affect these. As an example: the way in which five people working in agro-energy can effectively influence the activities of a whole continent is not self-evident.

- vi) Information on existing activities by the Member States in these program areas was quite limited. However, IICA does have access to such information with respect to Agro-energy (primarily from Brazil) and is in a position to document it. Documentation of activities in natural resources is, in and of itself, a major task.
- vii) The relations between these and other IICA programs were not clearly established. For example, in agro-energy there was reference to support from two centers closely related to IICA (CATIE* and CIDIA) but no mention of resources required or the nature of the job to be done. CATIE and CIDIA personnel indicated that such plans were not yet developed.
- viii) It appeared as though there had been a lack of involvement of highly qualified technical expertise in preparing the program proposals. Such resources are available (mostly outside of IICA per se) and, given time and resources, could and should be accessed in program planning.

7.3 The concerns expressed by the Group appear to arise primarily because of the limited resources which had been allocated to preparing the program proposals. It should be noted that the resolutions authorizing the Director General to develop the programs allocated no funds for the purpose of developing the agro-energy program and only US\$ 30,000 for developing the Natural Resources Program. Thus, it is not surprising to find the draft proposals at a very superficial stage.

On Decisions regarding Programs

7.4 The Group wishes to point out that a typical IICA program may involve expenditures of several million dollars annually and may run for up to 15 years. Thus, it represents an investment of between ten and fifty million dollars. It would be prudent, before embarking on such an endeavor, to invest a proportion of the total expected expenditure .

* CATIE is the 'Centro Agronómico Tropical de Investigación y Enseñanza'
CIDIA is the IICA's Center for Inter-American Agricultural Documentation and Information.

(say 10%), in program planning and development. Once this was done, a fully developed program could be presented to the Board or the Executive Committee for approval and allocation of a share of IICA's quota-resource budget.

7.5 It is also noted that, in the case of these two programs, the Director General was authorized to seek extra-quota resources but that no commitment was made concerning a share of quota resources. The draft program proposals reviewed by the Group provided an insight into the availability of extra-quota resources. Discussions with IICA staff revealed that many of the past IICA programs which were considered to be failures were begun with temporary extra-quota funds and could not be sustained.

7.6 It is the opinion of the Group that, if IICA's Board wishes IICA to operate a particular program, it should be prepared to:

- i) Allocate sufficient quota resources to ensure completion of a detailed program plan showing what is to be done, why, and how it will be accomplished.
- ii) Allocate sufficient quota resources to ensure operation of a basic program which can be enhanced by extra-quota resources.

7.7 The final decision on allocating quota resources for operations should not be made until a fully-developed program proposal is prepared and presented to the Board.

7.8 If the Board is not willing to allocate sufficient quota resources for program planning and, eventually, operation, it should not request that a program be developed. Requesting that a program be developed and operated on usually undefined, extra-quota resources alone is a point-less exercise. If some other agency wants to pay for such things, it should be the one to initiate the concept.

B. SPECIFIC SUGGESTIONS

7.9 It is the consensus of the Group that the Inter-American Board of Agriculture, once it has reviewed the draft programs, submitted to the Group, it should reconsider whether to initiate them or not. High costs, limited possibility of making a significant impact, the existence of other agencies with better comparative advantages to undertake this type of program, amongst others, can be cited to justify such a decision.

7.10 Should the Board decide to go ahead with one or both of these programs, precision of objectives and a reasonable allocation of resources are essential. Sufficient resources may result from an expansion of IICA's budget or from a well-analyzed cut-back in other programs.

7.11 With respect to the agro-energy program, it is recommended that an eventual new draft should focus on the problem of sustaining existing energy production from agriculture and begin by clearly defining the benefits from resolving the problem, existing activities of Member States and international agencies in the area, and alternative potential strategies for problem resolution. With this information at hand, IICA can begin to plan a program.

7.12 With respect to the natural resources program, it is recommended that, for an eventual new draft, one geographic area be selected and the effect of natural resource 'problems' on future food production be clearly established. Other activities which are attempting to resolve the problems in the area should be clearly documented only when IICA can consider alternative strategies and develop a suitable program for pursuing one or more of these, with due consideration to the possibility of concentrating on a specific geographic area, and, hence, gain experience through a concentrated effort.

7.13 If the Board considers that the areas of agro-energy and natural resources are important but not of priority as specific IICA programs, it may still instruct IICA to work on these topics on the basis of a scientific brokerage strategy (2.17), finding and channelling available expert advice the countries may need, from outside of IICA.

NATIONAL AUTHORITIES INTERVIEWED BY THE GROUP

COUNTRY	NAME	POSITION
República Dominicana	Ing. Hipólito Mejía	Secretario de Agricultura
República Dominicana	Ing. Ariosto Méndez	Subsecretario de Investigación, Extensión y Capacitación
República Dominicana	Ing. Tomás Rodríguez	Director Ejecutivo Instituto Nacional de Recursos Hidráulicos
República Dominicana	Ing. Gustavo Sánchez	Director Ejecutivo Instituto Estabilizador de Precios
República Dominicana	Ing. Eligio Jáquez	Director Ejecutivo Instituto Agrario Dominicano
República Dominicana	Ing. Samuel Encarnación	Subsecretario Planificación Sectorial
Haití	André Juan-Louis	Consultor del Subsecretario y Enlace del DARNDR-IICA
Haití	Gérard Lohier	Jefe de la Unidad de Programación
Haití	Antoine Mathelier	Director de la División de Organización y Promoción de la Vida Rural
Haití	Wilner Pierre-Louis	Director de la División de Economía Rural y Estadísticas Agrícolas y Consultor de la Subsecretaría del DARNDR
Haití	Gustave Mínger	Director de la División de Agricultura y Ganadería
México	Ing. Abelardo Amaya B.	Subsecretario de Agricultura y Operaciones de la SARH
México	Dr. Carlos Arellano	Director General del INIP
México	Dr. José Silos	Director de Fideicomisos Agrícolas de la Secretaría Hacienda y Crédito Público Asesor del Secretario de Hacienda y Crédito Público
México	Dr. Eduardo Casas	Director del Colegio de Postgraduados de Chapingo



COUNTRY	NAME	POSITION
México	Lic. Osvaldo Valdés	Subdirector de Organismos Internacionales de la Secretaría de Agricultura y Recursos Hidráulicos
México	Dr. Jesús Moncada	Director General del INIA
México	Valeriano Robles	Secretario Ejecutivo de AMEAS
Venezuela	Dr. José Luis Zapata	Ministro de Agricultura y Cría
Venezuela	Dr. Julio César Peraza	Viceministro de Agricultura y Cría
Venezuela	Ing. Raúl Alegrett	Presidente del Instituto Agrario Nacional IAN
Venezuela	Dr. Víctor Giménez L.	Presidente del Fondo de Crédito Agropecuario
Venezuela	Dr. Alonso Calatrava hijo	Director de la Aseguradora Nacional Agrícola C.A. AGROSEGURO
Venezuela	Dra. Tibusay Urdaneta	Dirección de Cooperación Internacional Ministerio de Relaciones Exteriores
Venezuela	Gerentes de Planificación de FCA, FONAIAP, CIARA, INAGRO, IAN y CMA. Coordinó el Dr. Misael Medina Santine	Director de Planificación del MAC
Venezuela	Dr. Oscar de Rojas Dra. Agnes Seris Lic. Ricardo Veronelly	Funcionarios de la Dirección de Cooperación Internacional de CORDIPLAN
Venezuela	Decanos de Agronomía	
Venezuela	Dr. Luis Marcano Coello. Ing. Arnaldo Ron Pedrique Econ. Nelson Tineo Valladares Ing. Pompeyo Ríos	Grupo Asesor Local
Brasil	Embajador: Francisco Thompson Flores Netto	Coordinador de CINGRA
Brasil	Dr. Joaquín Rodríguez Filho	Subsecretario General del Ministerio de Agricultura
Brasil	Dr. José María Costa	Coordinador del Núcleo de Irrigación del Ministerio del Interior. Participaron además 9 técnicos, tando del IICA como del Núcleo de irrigación del MINTER



COUNTRY	NAME	POSTITION
Brasil	Consejero Carlos Alberto Azevedo P.	Jefe de la División de Cooperación Técnica del Ministerio de Relaciones Exteriores
Brasil	Dr. Elisen Roberto Andrade A.	Presidente de EMBRAPA
Perú	Ing. Alfredo Barreto Macchiavelo	Viceministro de Agricultura y Ganadería
Perú	Ing. Manuel Guardia Mayorga	Instituto Nacional de Investigación y Promoción Agropecuaria INIPA
Perú	Ing. Jaime Paredes Castillo	Director de la Oficina Sectorial de Planificación del Ministerio de Agricultura
Perú	Lic. Jaime Hoefken Pérez	Director del Instituto Nacional de Ampliación de la Frontera Agrícola
Perú	Ing. Manuel Llanería	Director del Instituto Nacional Forestal y de Fauna INFOR
Perú	Ing. Pedro González Avila	Director General de Agricultura y Ganadería
Perú	Dr. César Wanderberng	Jefe a.i. Dpto. Desarrollo Agropecuario. Junta del Acuerdo de Cartagena
	Antonio Chávez Hernán Zeballos Carlos Vergara Efraín Keisari Teodorico Terry	Funcionarios de la Junta del Acuerdo de Cartagena. JUNAC



