



Inter-Agency Working Group for Rural Development in Latin America and the Caribbean

OBJECTIVES AND ACTIVITIES

July, 2003

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The Inter-Agency Group is a regional network created in 2000 with the purpose of complementing the activities of its constituents through the generation and exchange of relevant information for the development of rural economies in Latin America and the Caribbean, the identification of tools, new approaches and successful experiences in rural development, and the implementation of joint projects on training, technical assistance and investment at the national and regional levels

Rural Context

In the Latin American and Caribbean region, the levels of rural poverty have not changed substantially over the past decade, afflicting nearly 80 million people in the late 1990s. Moreover, poverty rates are higher and extreme poverty is more common in rural areas (54% of rural households compared to 30% of urban households, and 31% compared to 9%, respectively). This reinforces the need to move forward in building a new regional consensus on how to improve policy orientations and the efficiency of rural development investments, taking into account that after fifteen years of efforts at the national level, the results are precarious given the persistently high poverty rates and poor income distribution. This situation adversely affects the political, economic and social stability of the countries.

In order to achieve satisfactory results in poverty reduction, investment needs to be made in developing the rural economy as a whole, supplementing the macroeconomic policy framework with social, land-use and sector strategies that will lead to structural changes in the development of human and social capital, and in the quality of life of the rural population. To this end, rural poverty reduction strategies must include a multi-sector vision on the sustainable management of natural resources and land-use with differential application, based on the particular heterogeneity of rural situations in Latin America and the Caribbean. These strategies must be for the long term, and must be based on the premise that a significant proportion of the rural population living in poverty can overcome it through rural production activities that are not necessarily agricultural. These alternatives to reduce poverty work in the context of the major trends affecting rural life in the region, primarily integration and competitiveness, the new role of the State, enhanced importance of the environment and the relationship between gender, ethnicity, and poverty.

The Role of International Agencies in the Rural Setting

Various international, public, private, technical, financial, multilateral and bilateral agencies have been promoting rural development in Latin America and the Caribbean for decades. The lessons learned through these activities, the growing importance of the rural setting in the region and the new institutional challenges that many of these agencies face call for rethinking the mechanisms of cooperation between development agencies. This is particularly true if we consider the growing demand of countries to further improve dialogue with agencies, and concomitantly, to strengthen collaborative mechanisms between these agencies, with the goal of enhancing the efficiency and effectiveness of their actions, the joint impact of the services provided by these institutions to the countries and the continuity of these actions over time. There is a special effort to strengthen the relationship between financial and technical cooperation that promotes synergies and consequently, a greater impact than if the agencies were acting independently.

In one way or another, all development agencies exchange information and cooperate in different areas on specific programs at the national, sub-regional and regional levels. Short and medium-term working agreements exist on specific activities between some of the agencies in the areas of rural development and natural resource management. In view of the new demands mentioned above, it is necessary to continue improving inter-agency cooperation and promoting joint actions that will enhance regional and national activities, as well as programs and projects. There is a consensus among these agencies that efforts for rural development must include a broad, comprehensive, multi-sector approach on rural areas that incorporates economic, social and environmental concerns, and that the rural economy should include productive activities in agriculture, forestry and fisheries, diversification of income through off-farm activities (employment in agribusiness or in urban area services), non-agricultural activities (crafts, rural tourism, rural service companies) as well as the equality of gender and youth. It is the integration of the participating agencies' activities, the coordination of their technical and financing activities and their dialogue with governments that will create a climate of commitment for a regional agenda.

Creation of the Inter-Agency Working Group

In response to the rural situation described above, the Inter-Agency Working Group on Rural Development in Latin America and the Caribbean was founded at the Annual Meeting of the Board of Governors of the Inter-American Development Bank, which was held in New Orleans in March, 2000. The Group was initially constituted by six agencies: the Inter-American Institute for Agricultural Cooperation, the Food and Agriculture Organization of the United Nations (FAO), the Economic Commission for Latin America and the Caribbean (ECLAC), and the International Fund for Agricultural Development (IFAD), the German Technical Cooperation Agency (GTZ) and the Inter-American Development Bank (IADB). The World Bank subsequently formally joined the group at the Annual Meeting of the Board of Governors of the IADB held in Santiago, Chile in 2001 and the United States Agency for International Development (USAID) formalized its membership at the IADB Annual Meeting in Fortaleza, Brazil in 2002.

Since 1998, these agencies, with the cooperation of the International Network of Farming Systems Research Methodology (RIMISP) and rural development experts from universities in Latin America, Spain and the United States have been working together on issues pertaining to rural development and have conducted joint studies and held joint technical meetings and regional workshops.

In its Charter Agreement, the Inter-Agency Group resolved to:

- Coordinate the activities between international cooperation and financing agencies under the framework of a regional agenda for development of the rural economy to respond more effectively and efficiently to the demands of the countries, including the public and private sectors and civil society;

- Strengthen mutual cooperation achieved to date, including financial support for the development of the rural economy and to encourage other bilateral, multilateral, public and private organizations to work towards the objectives and purposes of the Group in the development of an agenda on regional cooperation;
- Develop interagency linkage as a participatory instrument, with an informal working arrangement that includes a special conceptual value for guidance and seeks to achieve the best results in the studies, programs and projects carried out;
- Continue interagency cooperation at the *regional level*, by sharing information, conducting joint studies, providing support for small research projects, workshops, seminars and internships for technical staff at any of the agencies of the group; at the *national level*, by providing cooperative support to the corresponding national organizations for national rural development strategies and by preparing and implementing joint interagency activities; and at the *local level* by cooperating in the design, implementation and evaluation of specific projects.

With regard to its operating method, the Group operates as a virtual network, through e-mail and periodic online seminar as well as conferences. The coordination of the group is being carried out temporarily by the Rural Development Unit of the Inter-American Development Bank. The Group does not have a predetermined budget and has no direct administrative costs. Financing for joint activities is defined on a case by case basis. There is a specific area on the IADB website for the Group (www.iadb.org/sds/rural) where the minutes of the Group's meetings are available, along with other information. The Interagency Group is also mentioned on the websites of all of its member agencies.

Areas of Special Interest

In order to strengthen the effectiveness of the agencies' activities and in the context of the trends mentioned earlier, the following areas of activity are of special interest to the Group:

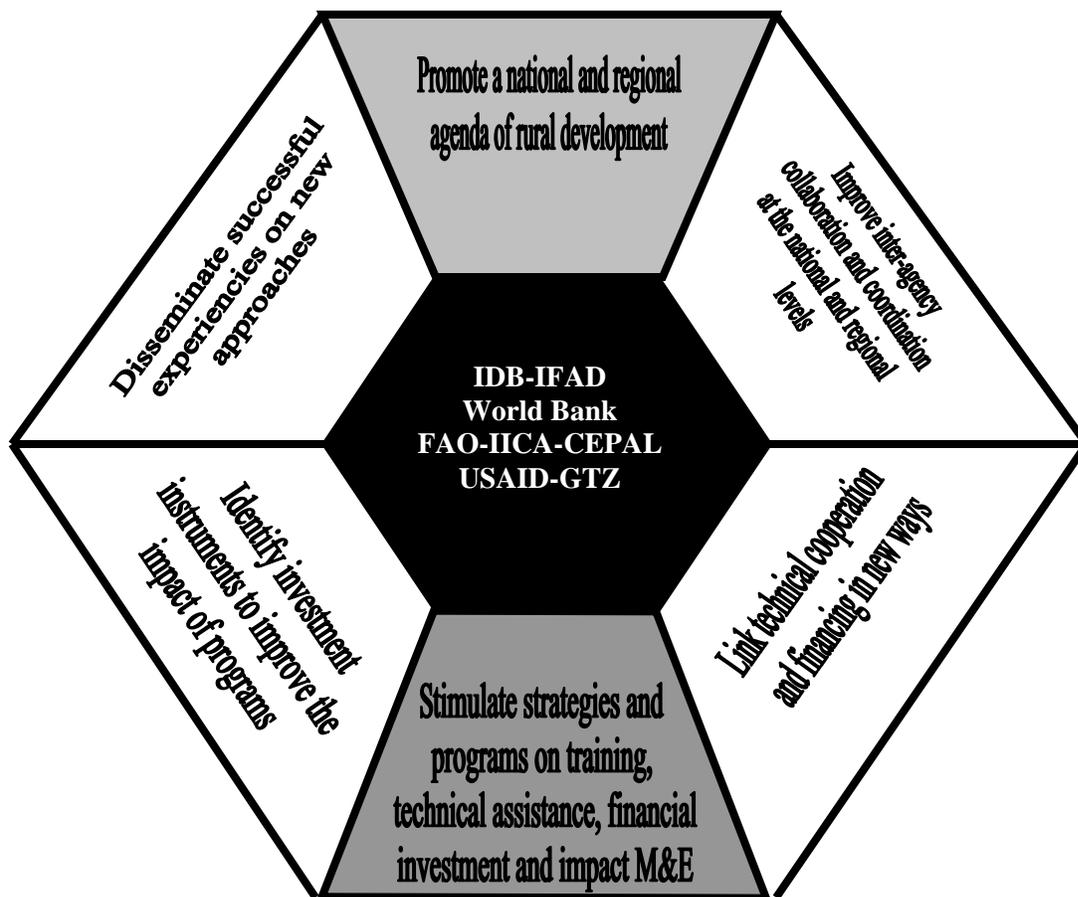
- The *consolidation of public policy reforms*, to help reduce market distortions and provide short-term support for transitional programs, with compensatory measures to assist low-income producers and consumers adversely affected by the policy reforms, and to support the formulation of strategies for producers and their economic organizations in response to the new systems of incentives and economic ground rules;
- The *modernization of the public agricultural sector, the development of basic services* and of a new rural *institutional capacity*, including a review of the functions of agriculture and rural development ministries, the strengthening of civil society, investment in key services (technology, health and quality, sector statistics and market information and support for trade negotiations); the strengthening of the private sector (particularly the capacity of the small and medium business sector and producer groups) in order to conduct investments that

link and strengthen agrifood chains; and developing cooperative links with other ministries, such as ministries of education, health, and commerce and industrial development, to create an information management system useful for a territorial development approach;

- *The development of land policy* in the framework of rural development that includes measures to strengthen and ensure access to lands and secure land tenure; strengthening the legal framework and updating land registries to promote greater transparency in land markets, titling and promotion of short, medium and long-term rural land leasing and linking with agricultural and non-agricultural productive development activities;
- The development of *rural financial markets* to facilitate the long-term investments required to diversify and modernize production, and broaden access to financial markets and services, as well as the support of innovative financing tools at the local and/or regional level;
- *The sustainable use of natural resources, risk-management and environmental conservation*, including the implementation of the Convention to Combat Desertification, as well as issues of biodiversity, the sustainable management of natural forests, decentralized, comprehensive watershed management and environmental services for the rest of society (carbon drains, oxygen emission, soil conservation, water, biodiversity and scenic beauty), thereby making urban interests beneficial to the rural environment;
- *Nonagricultural rural economic activities* (micro-enterprise, tourism, crafts) as a complementary aspect to agrifood development that promotes productive diversification, as well as the diversification of risks;
- *Rural infrastructure* for production and a better quality of life linked to social and productive investment initiatives;
- *The development of human and social capital*, which includes training, primary, secondary and professional education and the spreading of an innovative culture and the promotion of increased rural community management capability.

Interagency Cooperation Strategy

The following figure summarizes the strategic objectives of the Group.



The group operates on three levels of action: the exchange of information between its members, dialogue at the national level and the implementation of joint projects.

The activities carried out at the level **exchange of information** and interagency studies include joint technical meetings, exchange of documents and experiences related to rural development and topic-specific workshops to discuss technical matters of interest. This activity also involves supporting the development of strategies of each participating agency. For example, the Group collaborated in the regional discussion on the World Bank's new strategy on rural development and agriculture. Another example is the preparation of a joint GTZ-IDB document regarding work opportunities between the agencies.

The functions of the Group also include international conferences on promoting a regional rural development agenda. Two high-level international conferences have been held within the framework of the Annual Meetings of the Board of Governors of the IADB, (New Orleans-March, 2000, Fortaleza-March, 2002), with the participation of a large number of Ministers of Agriculture, Ministers of Finance and civil society and private sector representatives.

The following list shows some examples of joint studies:

- *Studies on Land Markets in 8 Latin American and Caribbean countries were conducted as a mutual project between GTZ and ECLAC;*
- *Rural Consensus in Central America and Rural Municipal Development* conducted by IICA-IADB with the cooperation of national specialists;
- *Identification of tools for reducing rural poverty levels in the extended MERCOSUR region* conducted by IFAD-IICA-IADB in the framework of the IFAD-MERCOSUR Program;
- *Cooperation between the GTZ and the IADB in rural development and natural resource management, Lessons of three case studies;*
- *Rural Public Expenditure Trends at the national level (20 cases) headed by FAO with the support of the World Bank and the IADB.*

The second level of action involves **national dialogues on rural development** by the Group. These interactions have been useful for combining financial and technical cooperation efforts at the national level. At the request of the Brazilian Government, the Group's first national dialogue was held in Brasilia in July of 2002, and was organized by the National Council for Sustainable Rural Development of Brazil. The workshop included a presentation on the National Rural Development Plan and discussions on priority areas for strategic action, access to lands, family agriculture, rural education and the diversification of rural economies. Also at the request of the Government of Panama, a second national dialogue was held in Panama City in November of 2002, where the Group discussed initiatives for supporting the implementation of the Rural Panama Plan, a comprehensive rural plan led by MIDA. The objective of both encounters was to discuss a national strategy on rural development with government agencies and civil society, and also to improve inter-agency coordination at the national level. Moreover, at the Inter-American Board of Agriculture meeting held in November of 2001 in the Dominican Republic, the Ministers of Agriculture and Rural Development of the region stressed the importance of the coordination promoted by the Group.

The third level of action involves the preparation and financing of **joint projects** between the 8 agencies. These topics of these projects can range from studies such as those mentioned previously to co-financing investment projects, depending on the agencies involved and the interest of the countries requesting said activities.

Some of the Group agencies have already begun conducting (and co-financing) joint projects. One example of this activity is the FAO-IDB joint project on identification and financing of sub-regional food security and rural development plans, which commenced in 2002.

Planned Activities

Activities that are currently in progress include:

- *A Training Program on Rural Development Policies* A proposal prepared jointly by the World Bank Institute (WBI), GTZ, ECLAC-ILPES and IICA on the development of two regional training activities, one in Chile and another based in Panama. These activities supplement others already being developed by the agencies, such as the FODEPAL project carried out by FAO-UPM;
- Assessment of the *importance of the contribution of agriculture* to national economic development, headed by IICA in cooperation with the Group agencies;
- Implementation of a joint program between FIDA and IADB for the co-financing of national programs on rural development;
- Implementation of a joint program of regional studies in agriculture and rural development between FAO and IADB;
- A potential workshop on impact monitoring and evaluation methodologies in Central America, led by USAID and RUTA;
- Participation of the Inter-Agency Group in the Technical Forum of the Inter-American Board of Agriculture Meeting to be held in Panama in November, 2003.

As these activities demonstrate, the Group has become stronger and has developed a medium-term plan of action. It is necessary to stress the growing importance that the Group's activities have gained with regard to improving inter-agency coordination and coordination with governments in the design, implementation and dissemination of new approaches to rural development.

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