



In Touch WITH RUTA



Quarterly newsletter of the Director of the Regional Unit for Technical Assistance - RUTA
RUTA is a Project of the Ministries of Agriculture of Central America, the World Bank, IDB, DFID, FAO, IFAD, IICA, IFPRI

Letter No. 7

March 2007 - May 2007

Dear Partners:

June has been a very important month to RUTA. To some of the partner agencies, this month marks the official closing of the Project's current phase, in particular the collaboration with the World Bank comes to an end. As a partner of RUTA, the World Bank has contributed key human and financial resources to our region. On behalf of RUTA, I would like to take this opportunity to thank the Bank and its managers and specialists, for their continued professionalism and dedication to the Project. Their support has been essential to the successful implementation of RUTA's mandate of promoting rural development in Central America.

RUTA, with special support from DFID and other partners such as IFAD, FAO and IFPRI, will continue working over the next months focusing on finalizing ongoing programs and projects. Our current activities include two strong initiatives such as the CAFTA information dissemination program and the technical assistance program to support the formulation of the Central American Agricultural Policy.

Encouraged by the positive results of the external evaluation, and following the guidelines of the Steering Committee that met in Washington DC on March 2007, RUTA is now also committed to the formulation of its new phase. The design of the new phase focuses on RUTA's institutional transformation and on achieving sustainability in the medium term.

The approval of the Concept Note by IFAD's Grant Screening Committee (GSC) is a promising first step in this direction, and now it needs to go through several stages that are part of the clearance process. If everything goes as expected, the proposal will be presented to IFAD's Executive Board by December 2007.

As usual, we will keep you all informed on the progress as RUTA moves into its new phase.

With best regards,

Miguel R. Gómez

No olvide enviarnos sus contribuciones al
Email: regional@ruta.org

Carta informativa del Director de la Unidad
Regional de Asistencia Técnica - RUTA



CENTRAL AMERICA IN ACTION 2

- Central American Agricultural Policy consultations are now concluded
- Study on Public Expenditure in the Agrifood Sector of Honduras
- Project to support rural business organizations in Central America is moving forward
- Complementary Agendas in Central America

RUTA: TOWARDS THE FUTURE 6

- RUTA: Renewing itself and planning its future
- RUTA and the Global Donor Platform for Rural Development (GDPRD) sign a collaboration agreement

KNOWLEDGE MANAGEMENT 9

- First Book Fair on Sustainable Rural Development

CAPACITY BUILDING 10

- FAO acknowledges RUTA and Central America as a good example on the promotion and use of RURALINVEST
- Drivers of Growth in El Trifinio: Economic, Social and Environmental Development
- Workshop on public policies for rural financial services in Nicaragua

BRIEF NEWS 13

- Assessing the distributive effects of agricultural policy in Honduras
- RUTA supports the formulation of IFAD's Subregional Strategy for Mexico and Central America 2007 -2010
- Launching of training program on agricultural policy analysis and support measures



PUBLICATIONS 14

- Central American producer organizations and the public policy dialogue in the context of free trade agreements
- The Role of the Sector Wide Approach to Rural Development

Events 15

Central American Agricultural Policy consultations are now concluded

National and regional consultations have enabled a broad dialogue between the private sector and the civil society



Regional Consultation. Honduras

From April through May, one regional and seven national consultations took place in each country of the region, concluding the first phase of the Central American Agricultural Policy formulation process.

The main objective of the consultations was to establish a broad and transparent dialogue with representatives of the private sector and the civil society at regional and national levels, on progress and perspectives of the policy formulation process. The consultations were also a mechanism to gather feedback on the proposal, particularly on the design, implementation, monitoring and evaluation components. Consultations were based on a core document entitled “Central American Agricultural Policy: A competitive and integrated agriculture for a globalized world”, and a support document entitled “Background and general framework for the Central American Agricultural Policy formulation”. Both documents are available at RUTA’s web site.

IFAD’s team at RUTA provided direct support to the Central American Agricultural Council on the regional consultation and on the national events held in Belize, Costa Rica, Guatemala and Nicaragua. Between April 10 and June 15, 2007, the team held an electronic forum to gather feedback on the document.

A total of 348 participants took part on the consultations, including representatives of 180 organizations. Participants came from the private sector, professional associations, cooperatives, private banks, academia, civil society, regional and international organizations.

Overall, the policy document was well received. In fact, most comments referred to technical aspects, and they did not require a substantial modification of the document. All comments and suggestions were put together in a series of reports available at RUTA’s website www.ruta.org/paca.

The comments were compiled and integrated into a new version of the document entitled “Central American Agricultural Policy: A competitive and integrated agriculture for a globalized world”, also available on the above web address.

Consultations were held as follows:

- Guatemala – April 12
- Honduras – April 23
- Panamá (first consultation) – May 3
- El Salvador – May 7
- Costa Rica – May 7
- Regional consultation (Honduras) - May 10
- Nicaragua - May 16
- Belice – May 21
- Panamá (second consultation) – May 29

Study on Public Expenditure in the Agrifood Sector of Honduras

RUTA provides support to SAG on analyzing and improving the efficiency and equity of Public Expenditure in the Agrifood Sector of Honduras (GPAH)

RUTA, in response to demand from the Management Planning and Evaluation Unit (UPEG) of the Ministry of Agriculture (SAG) of Honduras, has concluded a study entitled “Honduras: A strategy towards greater efficiency and equity of public expenditure in the agrifood sector”.

This document is part of a global research initiative funded by DFID and coordinated by the World Bank, covering six countries and whose main goal is to generate and disseminate good practices on public expenditure management in the rural sector. The report also provides inputs to the World Bank study on public expenditure at macroeconomic level, which is being jointly analyzed with the Government of Honduras.

The study encompassed an analysis of public expenditure in the agrifood sector of Honduras between 1999 and 2006. The objective was to provide information to improve efficiency, effectiveness and equity of public expenditure, seeking to increase the likelihood of reaching priority targets of the Sector Strategic Plan (2006 – 2010). The analysis was carried out through a participatory process involving public sector representatives (Ministry of Finance, Presidency and agrifood sector agencies), the private sector (initially through COHEP), international cooperation agencies and civil society (National Anticorruption Commission). The study also sought to strengthen processes, mechanisms and capacity to manage international aid among government institutions working on the sector.

Conclusions, Recommendations and Next Steps

The quantitative and qualitative analyses stress the importance of improving governance of the assignment, administration, monitoring and evaluation of public resources in the agrifood sector, seeking to attain greater impact on rural poverty reduction in Honduras.

The study provides fourteen recommendations on how to improve public expenditure strategies, processes and guidelines for the agrifood sector, which are being implemented and/or reviewed and discussed. These initiatives are led by SAG, with support from UPEG under Minister’s guidance, and have been endorsed by the Agricultural Development Council (CODA).

The study concludes that in order to implement the recommendations and the required reforms, it is essential to ensure ownership of the study and to increase the leadership of key actors in Honduras, all under SAG coordination as the sector’s leading agency. Thus, the draft is being disseminated among key actors of the agrifood sector, promoting the discussion and appropriation of its recommendations through a series of workshops and meetings at central and regional levels.

The recommendations of the study seek to strengthen the operational linkages between the public expenditure in the sector and the macroeconomic aspects (i.e. poverty reduction strategy). They emphasize the need for a programmatic approach; promote processes and criteria to establish priorities, budget planning, monitoring and evaluation at sector level (with greater decentralization); promote better portfolio management and fund raising; and propose capacity development to coordinate, formulate and manage budget across the sector. The implementation of recommended actions along with the corresponding reforms could lead to significant improvements to management, efficiency and equity of public expenditure in the agrifood sector in Honduras.



Project to support rural business organizations in Central America is moving forward

Costa Rica takes off with active participation of producer organizations and other institutions involved in the project (World Bank/CIRAD/RUTA)



Los Chiles, Upala, Costa Rica. April, 2007

Seeking to participate in an export oriented economy and responding to the new challenges of free trade and to the market and local consumers demand, small and medium size producers of Honduras, Nicaragua and Costa Rica felt the need to make significant improvements to their production systems.

RUTA, in collaboration with the International Cooperation Center on Agronomy for Development (CIRAD) and the Ministry of Agriculture (MAG) of Costa Rica (during the initial phase), launched a project on October 2006 to support producers on such initiative. This project is funded by the World Bank through the Bank-Netherlands Partnership Program (BNPP). The table below highlights the main progress achieved so far.

Program launched to strengthen participation of rural organizations in policy dialogue in the context of the Central American Free Trade Agreement

(CAFTA-RD) (FIDA/CIDH)

This program seeks to develop, promote and strengthen the capacity of rural organizations to participate in the definition of measures and instruments to achieve rural development and to improve their negotiation skills. It is expected that the establishment of an institutionalized dialogue among rural organizations and government agencies of Central America and Dominican Republic, will lead to an effective definition of priorities and an improved design and implementation of public policies aiming at small rural producers at country and regional level.

The program, which is funded by IFAD and executed by the International Center for Human Development (CIDH), was launched on February 2007 and it will be executed over a three-year period.

So far, the Program Technical Unit (UTP) has been established and it is led by Mr. Eduardo Izquierdo. A second version of the 2007 Annual Operational Plan has been prepared, defining the activities, tasks and expected results for the April – December period. The UTP has already met the disbursement conditions and has set in place the operational manuals. During this period, the program has supported the temporary Monitoring Group, integrated by representatives of organizations from Honduras, Nicaragua and Costa Rica. This Group seeks to improve the promotion and dissemination of Program's activities.

Several information networks have been established among organizations, including a database for the registration and analysis of participating organizations. The General Assembly is expected to take place during the second semester of 2007, as well as the appointment of a Steering Committee which will substitute the Monitoring Group.



Complementary Agendas in Central America

RUTA, IICA and the Latin American Trade Network (LATN) create a new alliance to support FTA-related policy formulation

The study entitled “CAFTA-DR Complementary Agendas in Central America: Conceptual basis and proposals” will be released soon. Its general objective is to provide useful information to all countries in the region that are preparing for the implementation of the Free Trade Agreement.

This analysis and its dissemination are some of the results of the new alliance between RUTA, IICA and the Latin American Trade

Network (LATN). The alliance is part of a series of initiatives undertaken by RUTA to complement the regional study on “The Impact of CAFTA on Agriculture and the Rural Sector in five Central American Countries” (CAFTA Project), which is led by the International Food Policy Research Institute (IFPRI), and whose final results are to be presented to the region by September.

The “CAFTA-DR Complementary Agendas in Central America: Conceptual basis and proposals” study is promoted and prepared by LATN, and it will be published and disseminated under collaboration between LATN, RUTA and IICA. Identifying CAFTA-DR readiness of countries in the region has required a thorough assessment of the complementary agenda proposals in each country. Its results are expected to provide useful information to help countries prepare for CAFTA implementation, particularly in the agricultural sector. Thus, this study strengthens ongoing collaboration in the region.

The complementary agenda studies and the preliminary results of the CAFTA Project were presented at the “International Seminar on Agricultural Policies towards CAFTA-DR”, held in Santo Domingo, Dominican Republic on June 25 -26, 2007. This event was organized by IICA, LATN and the Ministry of Agriculture of Dominican Republic. RUTA and LATN are planning further efforts to expand social dialogue and to generate public policy proposals that maximize the opportunities brought up by CAFTA while minimizing its potential risks. Such efforts include the analysis of other areas such as the negotiation of an Association Agreement with the European Union and the linkages between trade, poverty and wealth distribution in the agricultural sector and rural areas of Central American countries.

More information on RUTA's activities related to CAFTA-DR is available at www.ruta.org/cafta.

LATN is an independent and multidisciplinary research network launched in 1998. It includes more than 40 researchers and works with more than one hundred negotiators, policy planners, and members of international organizations in Latin America. Its main goal is to contribute to improve the capacity of countries to develop trade negotiation standings and trade related policies closely aligned to development priorities.

RUTA: Renewing itself and planning its future

RUTA's Steering Committee met in Washington to assess the work carried out and to plan for the project's future

The Regional Unit for Technical Assistance – RUTA – is executing the last year of its Phase V (2004-2007). As part of the activities of this phase, over the last few months the Project had a self-evaluation process and two independent external evaluations. These activities are an integral part of the operational closing and will help to consolidate the results during the current phase.

The reports from external evaluations were presented at the RUTA Steering Committee meeting, held in Washington DC (March 12 – 13, 2007). The main objectives of the meeting were to analyze the main results and value added of RUTA during this phase, to identify guidelines for the technical and administrative closing of the current phase, and to discuss in relation with RUTA's future the conclusions and recommendations of external evaluations

After two days of meetings and discussions among ministries, partner agencies and RUTA staff, and recognizing the support that RUTA has provided to Central American countries and to international agencies working on rural development and poverty reduction, the Steering Committee agreed to ask the Supervision Committee to formulate a new phase of RUTA.

The Steering Committee also emphasized the need for RUTA to reframe its business model, and invited RUTA's director to promote participation of new partners. For the next phase, and reflecting the new priorities of governments and agencies,



Héctor Hernández Amador, Minister of Agriculture of Honduras and Josefina Stubbs, World Bank representative.

RUTA's Steering Committee is integrated by:

- Ministers of Agriculture of Belize, Guatemala, El Salvador, Nicaragua, Honduras, Costa Rica and Panama.
- Representatives of the following international cooperation agencies: World Bank, IDB, DFID, FAO, IFAD, IFPRI, and IICA. El Secretario del Consejo Agrícola Centroamericano
- Secretary of the Central American Agricultural Council.
- Representative of the Advisory Council of the Central American Integration System (CC-SICA).

RUTA should redefine its organizational structure, its working areas and activities, and formulate a financial strategy aimed at attaining financial sustainability in the long term.

New steps towards RUTA VI

Based on the renewed interest of countries and partner agencies, RUTA has put together a team to formulate funding proposals and to provide new ideas for the next phase.

Supervision Mission

Following the Steering Committee meeting in Washington, RUTA received a supervision mission at its regional office in San Jose (April 23 – 27, 2007). Representatives



From left to the right: Guillermo Salazar Nicolau, Minister of Agriculture of Panama; McDonald Benjamin, World Bank representative; Mario Salaverria, Minister of Agriculture of El Salvador; and Robert Kaplan, IDB representative

of international development agencies of Germany (GTZ), Austria (ADA), Finland, and Sweden (SIDA) participated as special guests of this mission.

Taking into account the main recommendations of external evaluations and the results of the Steering Committee meeting, the mission focused on analyzing RUTA's next steps, identifying actions to be taken during the administrative closing period, defining RUTA's work plan for the second semester of the 2007, and analyzing the potential participation of new partners as well as their interests and commitments.

The mission confirmed that RUTA is executing its work plan in compliance with the guidelines provided by the Steering Committee and by the previous supervision missions, ratifying the importance and seriousness of the work being carried out by the Project in the region. The mission agreed that the Central American Common Agricultural Policy, and the chapters on environment, DR-CAFTA and Knowledge Management and Communication, will be fundamental to defining the objectives, programs and actions to be undertaken by RUTA in the future, both at regional and national level.

By the end of the meeting it was proposed that RUTA's institutional model must reflect its inter-agency nature, allowing enough flexibility to maximize the opportunities, and extending its financial base and pool of partners in order to progressively achieve self-sustainability.

Given the above considerations, the baseline settings of RUTA's future design were broadly discussed and a special work program to formulate the Concept Note for the next phase was outlined. As part of the efforts to identify new funding resources required for the next phase, the Concept Note was presented to IFAD's Executive Board, and it is expected to contribute to internal negotiation processes among current and new potential partners.

Taking into account its continued and active engagement with RUTA AND, the Supervision Mission agreed that IFAD should undertake the technical leadership of next missions.



Miguel Gómez during the Steering Committee meeting

RUTA and the Global Donor Platform for Rural Development (GDPRD) sign a collaboration agreement

Complementing resources and efforts to promote greater effectiveness of international cooperation in support of rural development in Central America



Global Donor Platform for Rural Development

On April 18, RUTA and the Global Donor Platform for Rural Development (GDPRD) signed an agreement to formalize the ongoing collaboration between the two institutions.

The objective of the joint work between RUTA and the Platform is to contribute to poverty alleviation in Central America through the promotion of rural and agricultural development. In line with the Paris Declaration, both institutions are committed to achieving this goal by promoting the appropriation, alignment and harmonization of agricultural programs. While the Platform operates as a global communication and facilitation mechanism, RUTA works at the regional level in Central America, providing technical assistance to governments on agricultural policy formulation and on the design and execution of rural development programs.

This agreement is an important milestone of a long lasting cooperation process between RUTA and the Platform, initiated in Nicaragua during the assistance provided by the Platform to partners of the PRORURAL program.

PRORURAL is the first SWAp program (sector-wide approach) implemented in Central America, and it strives to establish a common framework for all initiatives aimed at rural development in Nicaragua. In addition, RUTA is supporting the formulation of two other SWAps in Honduras and El Salvador, and there is a strong demand for broader dissemination of lessons learned in Nicaragua and of those at the international level which are provided by the Platform.

What is GDPRD?

The Platform was launched in 2003 to increase the effectiveness of international aid, promoting coordination, communication and information exchange among rural development actors.

Further details are available at www.gdprd.org.



RUTA participates to the Second European Forum on Sustainable Rural Development

As part of the agreement with GDPRD, RUTA's Director participated to the Second European Forum on Sustainable Rural Development, organized by GDPRD and the European Union. This event was held in Berlin on June 18 – 21, 2007, and its main goal was to analyze mechanisms to promote sustainable growth and reduce poverty in rural Africa, and how European countries could contribute more effectively to that mission.

It was a good opportunity to strengthen cooperation between RUTA and the Platform, and between RUTA and other agencies that are part of GDPRD. During the event, a work session to discuss potential collaboration areas was held between RUTA and the Director of the West Africa's HUB.

The HUB is a NGO created recently to assist key actors in Central and West Africa (governments, inter-governmental organizations, civil society organizations, and international development agencies) to promote coordination and harmonization of rural development programs. The HUB is highly interested in learning from RUTA as a regional inter-agency platform in Central America. As a result, it was agreed that with support from IFAD and GDPRD, HUB members will undertake a visit to Central America.

First Book Fair on Sustainable Rural Development

Knowledge sharing event was held on May 28 - 29 in San Jose, in collaboration with Universidad Estatal a Distancia (UNED) of Costa Rica

RUTA, in collaboration with Universidad Estatal a Distancia (UNED), held the First Book Fair on Sustainable Rural Development with the main goal of disseminating knowledge and experience on rural development and poverty alleviation issues.

The Fair, designed and coordinated by Patrizia Cocca, RUTA's Knowledge Management and Communication specialist, sought to promote and facilitate the exchange of experience and knowledge among participants from the public and private sectors, civil society, academia, research centers, media and the public. The event included a series of presentations on key topics, the dissemination of publications, and several moderated sessions on specific themes, which were held by authors of key publications and reports.

Organization of the Fair

The Fair has three different knowledge sharing and interaction spaces:

- Permanent exhibit of publications and studies produced by participating organizations.
- A series of presentations on key rural development themes, which were conducted by authors and included discussions and debates with specialists and the public.
- A videoconference on "Initiatives and virtual knowledge sharing tools for rural development", to disseminate virtual learning tools (used by RUTA and its partners) for addressing knowledge management needs in rural development topics. The event connected participants from Washington, Chile, Honduras, Nicaragua and Costa Rica.

The Fair had a total of 21 participating organizations, 18 authors mostly international specialists who presented and discussed different aspects of rural development issues (Rural Poverty, Rural Financing, Trade Liberalization and DR-CAFTA, Rural Organizations, and Vulnerable Groups), and approximately 200 participants, mostly from academia (researchers, professors and students).

The presentations were attended on average by 25 participants, and 60 participants from 5 countries took part on the videoconference.

Given the enormous potential of this initiative and its high academic value, RUTA is planning to organize a similar event in other countries in the region.

All the materials, including full text publications and videos of authors' presentations are available at www.ruta.org/feria.



**1ª FERIA
DEL LIBRO**

**DESARROLLO
RURAL
SOSTENIBLE**



**SAN JOSÉ
COSTA RICA
28 Y 29 DE MAYO
2007**



Participant Institutions

Academia de Centroamérica
ACICAFOC
World Bank
CATIE
CEGESTI
CIDH
IICA
Grupo de Estudios Rurales
FAO
FIDA
FIDAMERICA
FLACSO
FONAFIFO
IFPRI
IPEC-OIT
MAG
RUTA
UNA
UNED
UNFPA
UNICEF

FAO acknowledges RUTA and Central America as a good example on the promotion and use of RURALINVEST



RURALINVEST is organized in modules that address specific needs. Modules are independent and do not need to be sequential.

Module 1: Participatory assessment and identification of local investment priorities

Module 2: Formulation and application of investment project profiles

Module 3: Formulation and analysis of rural investment projects

Module 4 (in preparation): Monitoring and evaluation of rural investment implementations

The RURALINVEST handbook is available at RUTA's website: www.ruta.org

Prior to launching a new version of the application, FAO and RUTA undertake an assessment on RURALINVEST training in Central America

The RURALINVEST Training and Technical Assistance Program consists of a methodology and tools to facilitate and improve the identification, formulation, execution and evaluation of small rural community and family investment projects. It includes manuals, guidelines, software and training exercises developed by FAO's Investment Center. Its main goal is to support the formulation of rural investment proposals, offering a methodology and instruments to facilitate community participation as a means to improve productivity and profitability of projects, enabling them to compete in better conditions with other countries in the region.

This initiative promotes the transformation of the rural sector taking advantage of the opportunities and minimizing the risks of trade liberalization. Although this methodology requires a greater effort owing to the training needed by technicians and the support needed by proponents during project formulation and evaluation, its main advantage is to develop genuine local capacity to formulate and evaluate all kinds of investment projects, while assessing their relevance and facilitating their execution and sustainability.

Modules I and II

Two training events on Modules I and II including theory and practice were recently held to strengthen knowledge and skills of community-based technicians, local organizations and institutions. As part of the program strategy to involve country engagement in the methodology, participants will be accredited to provide training in their own countries. The course on Modules I and II entitled "Participatory territorial

planning, identification and formulation of local investment priorities" was held in Honduras (December 2006) and Costa Rica (May 2007), with a total of seven accredited trainers: four from Zamorano, one from MIDA in Panama and two from Costa Rica.

Modul III

Module III was designed to assist the formulation and evaluation of small investment projects. The accompanying software makes this module a bit more complex than the other modules. The RURALINVEST program has already been widely diffused throughout the region. In fact, since July 2005 a total of eleven training courses on Module III have been organized: one in Honduras, three in Nicaragua, three for regional organizations (IICA; CATIE and ICAP), one regional course for trainers, one in Panama and two in Costa Rica for productive sector organizations. In addition, four trainers from the region have been accredited and three other are currently undergoing the accreditation process.

Results in Central America

- 300 trainees
- 3 collaboration agreements with well known academia institutions
 - › Zamorano in Honduras
 - › UCA in El Salvador
 - › UNED in Costa Rica
- 5 agreements with government institutions
 - › MAGA in Guatemala
 - › PBPR in Honduras
 - › MAG in El Salvador
 - › IDR in Nicaragua
 - › MIDA in Panamá

Videoconference

FAO has released a new version of Module III aimed at addressing several limitations found with the previous version. On this occasion, RUTA in collaboration with the Global Development Learning Network (GDLN) held in Costa Rica (May 9) a videoconference on “The experience of RURALINVEST implementation in Central America”.

The main objective of the event was to facilitate the exchange of experience among FAO’s headquarters in Rome, its country offices in the region and RUTA’s regional and national technical units, seeking to define key inputs for a regional strategy to advance the appropriation of RURALINVEST in Central America and the dissemination of its results.

In collaboration with FAO/CP, IFAD’s team at RUTA’s Regional Unit has led the RURALINVEST training strategy and activity planning as well as the dissemination and evaluation of results in the region.



Drivers of Growth launching Workshop in El Trifinio. Francisco Pichón - Speaker.

Drivers of Growth in El Trifinio: Economic, Social and Environmental Development

Applying territorial approaches to rural development interventions is particularly important in countries such as El Salvador, Honduras and Guatemala.

The kickoff workshop on “Drivers of Growth in El Trifinio” was held in Esquipulas on May 16, 2007, 32 representatives of 22 organizations participated. The main objective of the workshop was to involve from the beginning local actors and participating institutions, in the Drivers of Growth methodology application process, which was designed by the World Bank for Guatemala, Honduras and Nicaragua. This methodology combines a series of qualitative analyses carried

out at community level, to identify the main determinants of growth and poverty reduction in rural areas.

The asset-based approach is particularly useful to provide guidance on the allocation of public and private investments; it helps identify specific characteristics of assets and investments that generate the highest impact on family wellbeing. Also, the combination of geographic and household analysis sets a solid ground for applying a territorial approach to development interventions.

The implementation of this study was possible to the collaboration with the Trinational Sustainable Development Program of Lempa’s River Upper Basin (PTCARL, for its acronym in Spanish), which uses a bottom-up participatory approach. In this program, all annual investments are planned according to the demand identified at community level, which is also integrated into the Annual Operational Plan. The National Committees that approve the National Operational Plan are integrated by representatives of economic sectors, community leaders, and majors linked to the Program. A Steering Comité involving the participation of the three Ministries of Agriculture evaluates the results in all three countries on a regular basis. This Steering Committee seeks to ensure technical monitoring of the operation.

The workshop included a survey of client demand and the validation of the objectives and methodology to be applied during the study.

Calendar of activities (12 months)

- Kick-off workshop
- Review of strategy and policies
- Geographic mapping
- Accounting matrix
- Household survey
- Qualitative and quantitative análisis of production chains
- Economic modeling
- Tools and priority setting
- Internal workshop
- Final workshop

Workshop on public policies for rural financial services in Nicaragua



Participants in Managua, Nicaragua workshop

Despite significant progress in the banking sector and the rapid growth of the microfinance industry in Nicaragua, the penetration of financial services in rural areas remains inadequate. To address this problem, the Government of Nicaragua is willing to promote public policies to stimulate the development of financial services in rural areas.

A workshop to identify public policies to expand and improve rural services in rural areas was organized on May 29 – 30, 2007 by the Ministry of Agriculture (MAGFOR), with support from IFAD's team at RUTA, the Interamerican Development Bank,

the World Bank and PROMIFIN-COSUDE. The main goal was to deepen knowledge on public policies that could have greater impact on the development of rural financial services, and to gather inputs for public policy formulation. A total of 30 representatives of 21 organizations participated to the event.

The first day including the presentation of the main findings of RUTA's study on "Public policies and rural financial services in Mesoamerica" by Ignacio Fiestas (IFAD/RUTA) and Hans Nusselder (CDR), and the document "Productive sector access to financial services in Nicaragua" prepared by the World Bank.

The presentations sought to provide inputs on the role of public policies in financial service intermediation in rural areas, and described the lessons learned from different service models being implemented in other countries in the region.

Two discussion panels were organized as part of the event. The first panel dealt with the Nicaraguan experience on financial service expansion in rural areas. It was attended by key institutions working on the subject such as the Local Development Fund (FDL), the Rural Credit Fund (FCR), the NITLAPAN Research Center and CARUNA (NGO). The discussion focused on the main limitations and opportunities facing small and medium size rural producers seeking greater access to rural financial services. The second panel addressed the Development Banking theme, which included presentations on the successful experiences of Banrural in Guatemala and BancoEstado in Chile. The main objective of this panel was to gather specific lessons from those experiences which could be incorporated into the eventual creation of a Development Bank in Nicaragua.

On the second day, all participants were organized in two working groups whose task were to identify the main limitations for rural financial service expansion in Nicaragua and to propose public policy guidelines to help overcome such limitations.

The main proceedings of the workshop, including the agenda and list of participants, are available at: www.ruta.org/financiamientorural.

Assessing the distributive effects of agricultural policy in Honduras

The preliminary exchange between RUTA and the Ministry of Agriculture of Honduras indicate that by August a capacity building initiative will commence in Honduras. It will use the Poverty and Social Impact Analysis (PSIA) approach to evaluate the distributive effects on agricultural policy implementation.

This methodology is funded by a grant from the German development cooperation, obtained by RUTA through the World Bank. As part of this initiative, the IFAD/RUTA team will provide technical support to Honduras on the economic and social impact assessment of sector reforms, seeking to take steps to maximize the number of beneficiaries while minimizing the negative effects on vulnerable groups.

RUTA supports the formulation of IFAD's Subregional Strategy for Mexico and Central America 2007 –2010

Under joint collaboration led by IFAD's Latin America and the Caribbean Division and the IFAD team at RUTA, IFAD has prepared the Subregional Strategy for Mexico and Central America 2007-2010. This document (currently under review) provides a guiding framework for all subregional activities in compliance with IFAD's mission of enabling the rural poor to overcome poverty. The strategy uses a multidimensional approach based on IFAD's goals and comparative advantages seeking to contribute to the empowerment of women and men of rural areas of Mexico and Central American, aiming at increasing their household income and food security.

The strategy is expected to facilitate the work of IFAD (and the supporting structures assisting the formulation and implementation of projects and programs), the government, small producers and their organizations, and the rural poor, as well as other national public and private institutions and international cooperation agencies, with whom IFAD is making alliances to accomplish its mission. The strategy is expected to be disseminated soon by IFAD.

Launching of training program on agricultural policy analysis and support measures

The recent progress on trade liberalization taking hold in Central America needs to be accompanied by a series of changes and reforms in agricultural policies and programs which are required for countries to improve their competitiveness. Therefore, it is essential for each country that the public sector defines clearly the current policies and programs, assessing their effectiveness and impact.

In response to such demand, RUTA, with participation of IFAD's team and the Interamerican Development Bank (IDB), formulated a technical training program funded through the Spanish Cooperation Fund (FGCE). The program seeks to generate local capacity in each country to undertake a systematic qualitative and quantitative analysis of the estimated support in the agricultural sector, using the methodology standardized by the Organization for Economic Cooperation and Development (OECD). The objective is to assist each country to identify the current structure of price subsidies and fiscal support provided to the sector, analyzing the potential effects of trade liberalization.

The training program includes theoretical and practical components and it will be implemented over a nine-month period. The theoretical part includes two regional workshops: at the beginning and at the end of the training project. The hands-on component includes the updating of estimated agricultural subsidies and a descriptive qualitative and quantitative analysis of policies and programs in the rural sector including agricultural subsidies. These analyses will be carried out by local staff to be trained in each country, with support and supervision of national consultants. The kick-off workshop took place in San Jose, Costa Rica (April 24 – 26, 2007).



Regional Training Workshop on the Analysis of Support Policies and Programs in the Agricultural Sector

Central American producer organizations and the public policy dialogue in the context of free trade agreements

This document provides a background analysis on the creation of fora and other spaces for civil society participation in Central America. It includes a database of the organizations included in the study, describing their main characteristics and identifying those most likely to be involved in regional policy dialogue aimed at benefiting small producers.

The document was prepared by Alvaro Fiallos upon request from IFAD and under RUTA's coordination. RUTA and its National Technical Units contributed to the preparation of a list of well known producer associations and representatives of small producers from the region.



The Role of the Sector Wide Approach to Rural Development

The Sector Wide Approach (SWAp) focuses on a specific sector and program and seeks to generate a process to integrate all actors to accomplish greater collaboration and impact. SWAp builds on existing alliances among international cooperation agencies, the private sector and civil society, and promotes government ownership and leadership in a coherent, integral and coordinated manner. As part of the sector strategy, SWAp sets the priorities for policy making along with the annual public expenditure framework, creating an integral platform for resource management transparency, minimizing effort duplication while increasing synergy among institutions.



The Role of the Sector Wide Approach to Rural Development

RUTA, under a joint initiative between IFAD/RUTA and Serfirural, is expected to release soon a paper on three case studies of financial use of agricultural value chains, showing the influence of the financial environment and identifying best practices. The main objective is to facilitate reform processes and the adoption of better practices in other countries.

The case studies were carried out on the following organizations: Cooperativa de Productores de Leche R.L. (Dos Pinos) in Costa Rica, Comercializadora Aj Ticonel in Guatemala, and Agropecuaria Lafise in Nicaragua.

RUTA: Promoter, trusted partner and practitioner of knowledge and learning management in 2007.

As usual, complementing other activities programmed for this period, RUTA will continue supporting a series of events from other organizations and institutions promoting rural development in Central America.

2007 Program Upcoming Events

For more details
www.ruta.org/calendario

Meeting on rural development experiences of Mexico and Central America (Organized by IFAD)	Guatemala	July, 23
Workshop on RUTA's Phase VI Formulation	Costa Rica	August, 1-6
DR-CAFTA Series Dialogue on trade liberalization and its effects on the productive sector in Costa Rica	Costa Rica	August 16
DR-CAFTA Series Regional Workshop: Presentation of the study "The Impact of CAFTA on Agriculture and the Rural Sector in Five Central American Countries"	El Salvador	August 28-29
DR-CAFTA Series National Workshops: Presentation of studies on Value Chains and Public Investment Analysis in the context of DR-CAFTA	Guatemala Honduras Nicaragua Costa Rica	August 31 August 3 August 5 August 7





DESARROLLO RURAL SOSTENIBLE DE CENTROAMÉRICA

UNIDAD REGIONAL DE ASISTENCIA TÉCNICA

The RUTA Project was created to promote the rural and agricultural development of Central America. It is a joint initiative that was started in 1980 by the Central American governments and a group of cooperation agencies. At present, the governments of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama are participating in RUTA, along with seven partner agencies, namely, the World Bank, the Inter-American Development Bank (IDB), the Department for International Development (DFID) of the United Kingdom, the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), the Inter-American Institute for Cooperation on Agriculture (IICA) and the international Food Policy Research Institute (IFPRI).

RUTA seeks to contribute to sustainable rural growth and reduce poverty in Central America by developing national and regional capacities. RUTA works in conjunction with the seven ministries of agriculture and livestock of the Isthmus and with the technical and financial support of its partner agencies.

In fulfilling its role, RUTA serves as a processor and transmitter of information, acting among other things as a retailer for the dissemination of methodologies developed by its partners, a facilitator of dialogue, a leader on important issues and a trainer.



Quarterly newsletter from the Director of the
Regional Unit for Technical Assistance – RUTA

Newsletter No.7

March 2007 - May 2007

Editing: Patrizia Cocca

Design and layout: RUTA Project

RUTA Project, San José, Costa Rica
Telephone (506)255-4011 Fax (506)222-6556