



DESARROLLO RURAL SOSTENIBLE DE CENTROAMÉRICA  
UNIDAD REGIONAL DE ASISTENCIA TÉCNICA

# En contacto CON RUTA



Quarterly bulletin from the Director of the Regional Unit for Technical Assistance - RUTA  
RUTA is a joint project of the Ministries of Agriculture of Central America, DFID, FAO, IADB, IFAD, IFPRI, IICA and the World Bank

**Letter No. 8**

June - September 2007

Dear Partners:

RUTA is getting ready to launch its new phase on early 2008.

With your support, the Project has put together a solid work program as required to continue promoting rural development throughout Central America.

These efforts have been acknowledged by all current partner, which will continue supporting RUTA, and by new partners who are highly interested in joining the Project from 2008.

The continuing support from all our partners during Phase V has been fundamental for us to reach our goals and to come this far. Therefore, we proudly dedicate this issue to highlight some of their main contributions.

Thanks to all of you,

*Miguel R. Gómez*  
mrgomez@ruta.org

We welcome your comments and inputs to:  
regional@ruta.org



Special Edition:  
The support of  
partner agencies  
to RUTA's Phase  
V

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## New partners interested in supporting RUTA's Phase VI

*Austria, Finland, Germany, Spain and BCIE are considering their support to RUTA*

The German Agency for Technical Cooperation (GTZ), the Austrian Development Agency (ADA), the Government of Finland, the Government of Spain and the Central American Bank for Economic Integration (BCIE) are considering their participation in RUTA's Phase VI, which will commence on January 2008. They will join our current group of partners (IADB, IFAD, IFPRI, IICA and FAO). The World Bank and DFID will continue supporting RUTA under different modalities.

As confirmed by Miguel Gómez, RUTA's Director, these new partners have expressed their willingness to support RUTA, and the discussions with each one of them are fairly advanced. "They are considering different proposals for eventual contribution to RUTA's new phase, which might be provided either integrally or through specific thematic areas", he expressed.

IFAD has reviewed the project document on RUTA's new phase, and recommended its approval to the Executive Board, that will meet on December 2007 (see separate note on p. 3).

A grant is being negotiated with the Austrian Agency for International Development (ADA). These resources will be executed to strengthen RUTA's engagement in the Central American Agricultural Policy (PACA) and the Regional Agroenvironmental Strategy (ERA), and to provide access to quality technical information throughout the region. In addition, ADA's contribution will allow RUTA to promote a larger participation of the civil society in policy dialogue on key issues, including organic agriculture, trade liberalization, green businesses and rural competitiveness.

## RUTA must continue

RUTA's External Evaluation Report strongly recommended that the Project should move forward into a new phase, in order to continue its successful implementation. This recommendation was welcome by RUTA's Steering Committee (Washington DC, March 2007), which requested RUTA to prepare its new phase. Mr. Gómez indicated, "The design is progressing satisfactorily, and all the agreements and arrangements with current and new partners are expected to be ready over the next few months". RUTA's Steering Committee is integrated by the seven Ministers of Agriculture of the region, representatives of seven international cooperation agencies, SICA's Consultative Council (which represents the civil society), the Secretariat of the Central American Agricultural Council (CAC) and the Central American Commission for Environment and Development (CCAD).



*The External Evaluation Team recommended establishing a new phase of RUTA, to all international and Central American partners:*

"RUTA V was a successful initiative. The Project is well known in the region as a reliable and effective broker of technical assistance on rural development issues. RUTA V has contributed effectively to improve CAC's technical and political capacity, and to integrate a rural development perspective into the PACA. Other contributions of RUTA to partner agencies and governments have also been very important, and in some cases determinant, to formulate and implement rural development programs and projects."

*RUTA's External Evaluation Report, March 2007*

## IFAD prepares a grant for RUTA's new phase

*The Technical Review Committee (TRC) recommends the design of Phase VI to the Executive Board, which will meet on December*

The design of RUTA's new phase was reviewed on September 28 by IFAD's TRC and it is now ready. The Committee confirmed IFAD's interest in supporting RUTA's new phase through a \$1 million grant.

"IFAD has continuously supported RUTA since its very beginning, 27 years ago, and its support to the next phase is essential", expressed Miguel Gómez, RUTA's Director.

"RUTA is a strategic partner to pursue IFAD's objectives in the region, and owing to its successful performance, the project has been selected for continued support", said Carmen Eugenia Morales, who is IFAD's liaison at RUTA.

As stated in the project's concept note submitted to the Executive Board, IFAD's support seeks to strengthen RUTA's capabilities to contribute to improve the quality and effectiveness of poverty reduction and rural development policies, strategies, programs and projects in Central America.

IFAD has a special interest in leveraging RUTA's comparative advantages to support activities and themes that are highly relevant to its partners, such as the Central American Agricultural Policy (PACA), regional trade, institutional development, public and private investment and financing in rural areas, environmental sustainability, rural poverty, vulnerable groups and their environmental risks, monitoring and evaluation, and project implementation support.



### *Expected results of IFAD's support to RUTA*

- Governments, civil society and international cooperation agencies have access to a sustainable regional platform specialized on Central American rural development.
- Regional integration mechanisms incorporate rural development aspects into the design and implementation of the Central American Agricultural Policy (PACA) and the Regional Agroenvironmental Strategy (ERA).
- National governments and civil society organizations strengthen their capacity to design and implement rural development and poverty reduction policies, programs and projects.

## IFAD and RUTA: Fostering rural development policies



*The Central American Agricultural Policy and the strengthening of rural organizations for policy dialogue have been at the core of IFAD's support to RUTA's Phase V*

With IFAD's contribution, RUTA has provided support to dialogue and formulation of public policies aimed at poverty reduction and rural development in Central America.

The national and regional consultations of the Central American Agricultural Policy (PACA) were successfully completed on May 2007. This process, led by the Secretariat of the Central American Agricultural Council (CAC,) and supported by FAO and IICA, is currently one of the main undertakings of the countries in the region.

The PACA, which is part of the Central American integration process, provides a strong technical foundation for the Central American Customs Union. Its main objective is to promote the conditions for the development of a modern Central American agriculture, more competitive, equitable, and regionally articulate.

PACA formulation involved a broad and transparent dialogue with the private sector and the civil society, whose participation has been promoted through IFAD's contribution to RUTA.

### Strengthening the capacity of rural organizations for policy dialogue

The participation of rural organizations in the Central American policy dialogue has been one of the key actions promoted by IFAD with RUTA's support. IFAD, through RUTA, promoted the design of the "Program to Strengthen the Capacity of Rural Organizations for Policy Dialogue". This program is being implemented since February 2007 by the International Center for Human Development (CIDH), and should be completed by March 2010.

Prior to this initiative, on September 2006, 16 rural organizations from Central America and the Dominican Republic met in Costa Rica and signed the "Santo Domingo de Heredia Agreement". This agreement acknowledges the support received from IFAD and RUTA, and provides guidelines for the formulation of a funding proposal for technical assistance to be submitted to IFAD. RUTA has facilitated this process from the beginning. The Rural Dialogue Program is preparing its first meeting of partners and has contributed to strengthen rural organizations and to set a regional agenda for policy dialogue.



### Main initiatives of RUTA's Phase V supported by IFAD

- Central American Agricultural Policy
- Policy dialogue
- Strengthening of rural organizations
- Analysis of rural financial services
- Management of rural development projects
- Analytical work on vulnerable groups
- Knowledge management and communication for rural development
- Dissemination of methodologies and tools for policy and project analysis
- RURALINVEST training

## IFAD promotes the analysis and development of rural financial services

One of IFAD's main contributions to RUTA's Phase V is the analysis of public policies, seeking to provide guidelines on policy formulation to improve and increase access to rural financial services (SFR) among the rural poor.

One of the key actions in this area is a series of studies undertaken on Central American countries and Mexico, taking the latter as a reference. These studies seek to identify best practices on public policies, and to provide policy options to improve the penetration of rural financial services in the region.

The main products of this analytical work include six country reports (Costa Rica, Guatemala, El Salvador, Nicaragua, Mexico and Honduras) and a regional report synthesizing the lessons learned by each country. It was part of a research project on public policies for rural financial services in Mesoamerica, formulated and funded by RUTA and IFAD's Rural Financial Service Support Program (SERFIRURAL).

RUTA and SERFIRURAL have also carried out a joint research on rural financial services, focusing on the linkages between financial and non-financial services (business development services), and another study on the financial use of several agricultural value chains in Central America. The latter analyzed three cases: Agropecuaria Lafise (Nicaragua), Comercializadora de Minivegetales Aj Ticonel (Guatemala), and Cooperativa de Productores de Leche Dos Pinos R.L. (Costa Rica).

Both studies sought to deepen understanding and to disseminate experiences on productive economic units that have improved their competitiveness, leading to a successful integration to the market.

The final reports are available at <http://www.ruta.org/financiamientorural/>.

### Other topics

IFAD has also provided continuing support to other areas such as vulnerable groups, knowledge management and communication for rural development, sector-wide approaches (SWAp), and RURALINVEST training (a methodology developed by FAO).



The Regional Unit for Technical Assistance (RUTA) established in 1980, is IFAD's oldest program in Latin America and the Caribbean. IFAD's target beneficiaries in Central America include the rural poor, especially small producers and entrepreneurs, artisan fishermen, landless peasants, and agricultural workers, young and adult.

With support from IFAD, RUTA has developed a series of studies on vulnerable groups, focusing on immigrants, indigenous people, and agricultural workers. The research shows that these groups are highly vulnerable to external and internal shocks of different kinds (economic, financial, environmental, social, political, and legal); and that they have very limited access to social and economic assets to mitigate the impact of those shocks.

## The World Bank and RUTA promote economic growth in rural areas



*The World Bank has supported RUTA since the beginning in 1980. Over the last four years, new approaches (drivers of growth) to rural development, knowledge dissemination and development of projects aimed at vulnerable groups have been some of the key areas promoted by the World Bank.*

Since 1980, the World Bank's support to RUTA has been characterized by hard work and a series of achievements in favor of rural development in Central America. RUTA's activities carried out over the last four years are consistent with the Millennium Development Goals (MDGs), which more broadly have guided the work of the World Bank, in the pursuit of poverty eradication and sustainable development.

For this reason, the dissemination of the "drivers of growth" methodology in rural areas of Central America has been one of the main initiatives promoted by the World Bank through RUTA. This methodology seeks to determine the "assets" (culture, education, territory, organization, health, infrastructure and other) available to people and households. Through targeted public policies, those assets can function as "drivers of growth" and help people either to get out of poverty or to improve the quality of life.

The World Bank kicked off this work through a series of comprehensive country assessments on "Drivers of Growth" in Nicaragua, Guatemala and Honduras. In 2005-2006, RUTA presented the main findings and recommendations through a series of 20 seminars held in the three countries of the study, and disseminated the Spanish version of the reports.

The studies provide an analytical framework to help governments and international cooperation agencies better focus their initiatives to promote rural growth and poverty reduction in Central America. In addition, IFPRI, FAO, IFAD, the Government of Finland and DFID provided support to RUTA's efforts to implement the main recommendations and the application of the "Drivers of Growth" methodology in specific sectors and territories of Nicaragua, and more recently in Honduras, El Salvador and Guatemala (Trifinio region).

In Nicaragua, the study was part of the PRORURAL Program, covering initially the province of Chontales. The main objective was to identify the type of assets available to rural inhabitants in this region, identifying the types of public investments needed to leverage those assets, and to analyze how those assets relate to the main value chain in the region (dairy agroindustry).

In response to a request from the Trinational Commission of the region, on May 2007, RUTA launched a specific study on the drivers of growth in the Trifinio region.



### Main initiatives of RUTA's Phase V supported by the World Bank

- Knowledge management and communication for rural development
- Central American preparedness for trade liberalization (DR-CAFTA and other FTAs)
- Drivers of growth
- Strengthening of rural business organizations
- Continuing support to vulnerable groups (especially indigenous communities)
- Studies on public expenditures in the rural sector
- Management of rural development projects
- Sector-Wide Approach (SWAp)
- Agricultural value chains

## Indigenous People and Knowledge Management

With support from the World Bank, during Phase V (2004 – 2007), RUTA undertook five projects to promote participation of Central American indigenous people in development processes.

This portfolio includes three national projects: Community-driven Management and Conservation of the Bio Itzá Reserve (Petén, Guatemala); Community-driven Management and Conservation of the Sarstoon-Temash Reserve (Belize); and the Biodiversity Conservation and Sustainable Production in Small Indigenous Organic Cocoa Farms of the Talamanca-Caribbean Biological Corridor (Costa Rica).

The first initiative in Costa Rica led to the design and execution of a second project entitled “Carbon capture and development of environmental markets in indigenous cocoa agroforestry systems in Costa Rica”.

The World Bank is also supporting the implementation of the regional project entitled “Integrated Management of Ecosystems by Indigenous Communities (PMIIE)”. Executed by ACICAFOC, this project seeks to achieve more effective biodiversity conservation and sustainable management of natural resources.

All final reports are available at <http://www.ruta.org/gruposvulnerables/>.

### Knowledge management and other topics

The World Bank has provided strong support to RUTA's knowledge management and communication (KMC) initiatives, strengthening its dual role as knowledge hub and platform for dialogue. The Bank contributed to the design of RUTA's KMC strategy and to the generation of knowledge products. The Bank also participated on the organization of a series of events on rural development themes that have been key to the region, including the impact of DR-CAFTA on the rural economy, avian flu and gender issues. The partnership with the World Bank's Global Development Learning Network (GDLN) has been fundamental to carry out global and regional dialogues in a cost effective manner.

More recently, the World Bank provided seed funding to RUTA for the design of the RURALCOM.org portal. This initiative will provide a knowledge-sharing platform and establish a virtual community to focus on trade liberalization and rural competitiveness in Central America.

The preparedness of Central American countries for trade liberalization, especially with regard to DR-CAFTA, has been one of the key themes developed by RUTA with World Bank's financial and technical support. This subject is further elaborated (see IFPRI section). The World Bank has also supported other key lines of RUTA's portfolio such as capacity building among of rural organizations, analysis of the effects of public spending on rural development, analysis of agricultural value chains, and promotion of the sector-wide approach (SWAp).

Finally, the World Bank supported the “Strengthening Rural Business Organizations in Central America Project”, whose first component was launched in Costa Rica, and it has been progressing throughout 2007.



Over the last 20 years, the World Bank has broadened its approach and scope to address diverse development issues such as gender, community-driven development, environment and indigenous communities. In Central America, RUTA carried out a great part of this work.

## DFID: Broad support from the UK to RUTA's Phase V

**DFID**

*The Department for International Development of the United Kingdom (DFID) has been providing integral support to RUTA since 2000*

Consistent with its far reaching goal of reducing poverty around the world, during this phase RUTA has received support from DFID in areas such as policy development, analytical work, strategies and methodologies that promote rural development and poverty alleviation in Central America. As part of this program, DFID is also supporting the preparation of the Central American Agricultural Policy (PACA, for its acronym in Spanish).

RUTA's rural development policy program is implemented in collaboration with several partner agencies, and DFID's contribution has been essential to develop one of its key action lines: the promotion of inter-agency collaboration initiatives.

In support of PACA, DFID joined the efforts of IFAD, FAO, IADB, IICA and other partners in each country.

DFID is supporting RUTA on the dissemination and application of diverse methodologies to advance rural development in the region. This work includes "Drivers of Growth, promoted with the World Bank and IFPRI; and the "Sector-Wide Approach (SWAp)", promoted with IADB, IFAD, and the World Bank.

More generally, the financial support received from DFID focused on assessing and improving rural development policies and strategies in all the countries of the region, as demonstrated by the study on public spending in the agrifood sector in Honduras, carried out in collaboration with the World Bank.

A key aspect of DFID's contribution to RUTA is the possibility of executing part of the resources in a flexible fund, which is also a feature of IFAD's funding. This flexibility allows RUTA to launch special initiatives in collaboration with other partners. As a result, RUTA is now regarded as a regional leader of knowledge sharing activities in rural development, including regional events and knowledge products that have been highly relevant to Central American countries. Through its participation in proposals and events, RUTA has amplified the impact of flexible funds, by leveraging cofinancing from other agencies at a ratio of up to 5 dollars per each single dollar from our donors, all invested to address rural development issues of high priority to the region.



### Main activities of RUTA's Phase V supported by DFID

- Regional Agenda of the Central American Agricultural Council (CAC)
- Central American Agricultural Policy
- Regional Agroenvironmental Strategy
- RUTA's Annual Work Plan
- Inter-agency collaboration initiatives
- Studies on public expenditures in the rural sector
- Sector-Wide Approach (SWAp)
- Drivers of growth
- Poverty and Social Impact Assessment (PSIA)
- Strengthening capacity for the use of sustainable livelihoods approach (SLA)
- Preparedness for trade liberalization (DR-CAFTA and other FTAs)
- Agricultural value chains
- Knowledge management and communication

## DFID and RUTA endorse the Regional Agroenvironmental Strategy

With DFID's funding, RUTA has been supporting the formulation of the Regional Agroenvironmental Strategy (ERA). This support started on June 2006, during the Second Intersectoral Meeting of the Ministries of Agriculture, Environment and Health of Central America, held in Panama. The ministries asked the Central American Agricultural Council (CAC), the Central American Environmental and Development Commission (CCAD) and the Central American Committee of Ministries of Health (COMISCA) to formulate the ERA with support from RUTA, FAO, IUCN and CATIE. IICA also joined this effort later on.

The ERA focuses on four areas: sustainable land management, climate change, biodiversity and green businesses. This strategy will be a key complement to the Central American Agricultural Policy (PACA).

One of the key objectives of the ERA is to promote productive processes that support environmental, social and economic sustainability of Central America, contributing to poverty reduction and to improve the quality of life of the population throughout the region. The strategy also seeks to integrate natural resource management into productive processes, promoting the payment of environmental services and the consolidation of the Mesoamerican Biological Corridor (CBM).

### Agribusiness and trade liberalization

DFID supports RUTA's efforts to promote the preparedness and competitiveness of Central American countries for trade liberalization, especially for the implementation of DR-CAFTA and other similar agreements. DFID has also supported the study of agricultural value chains, which seeks to contribute to improve the competitiveness and sustainability of agribusinesses in the region.

Overall, these and other activities supported by DFID have contributed to strengthen the capacity of the region to use the sustainable livelihoods approach (SLA).

### Knowledge Management and Communication (KMC)

One of RUTA's key contributions to the region is its successful knowledge management and communication program. With DFID's support, this component has fully renewed and strengthened RUTA, establishing a solid knowledge sharing and dissemination program throughout the region.

Among the KMC activities supported by DFID, the program includes a series of videoconferences, workshops and seminars to address key rural development issues in the region. Over the last three years, nearly five thousand participants from all countries in the region attended this program. Some of the key outputs include the publication and dissemination of more than 30 studies on rural development topics of high importance to the region, and the First Book Fair on Rural Development (held in Costa Rica), where 21 international organizations presented their publications to diverse stakeholders from the region.

With DFID's support, RUTA's Knowledge Management and Communication Unit provided technical assistance on the formulation of the communication strategies of the Central American Agricultural Policy (PACA) and the Regional Agroenvironmental Strategy (ERA). The Unit also contributes to develop knowledge management capacity among several partners and allied institutions.



The main goal of the UK Department for International Development (DFID) is to fight against world poverty. In Central America, DFID is currently supporting activities in Nicaragua, Honduras, Guatemala and El Salvador. The main working areas are social sector, local capacity building, disaster prevention and mitigation, health, environment, conflict resolution, democratization and rural livelihoods.

## FAO and RUTA: Fostering agribusinesses

*Boosting agricultural value chains and promoting diversification of agricultural businesses are some of the key actions carried out by RUTA and other partners with FAO's support.*



Marketing, agribusinesses, and more recently agricultural value chains, are some of the main areas that the United Nations Organization for Food and Agriculture (FAO) has been promoting through RUTA.

FAO is a partner of RUTA since 1994 and, throughout these 13 years of collaboration, has carried out many studies and projects in the region, contributing to promote diversification of production and agribusinesses.

Among other activities, FAO Investment Center, along with other units, has provided advice and support to the systematization of conditions and strategies required for the business success of small farmers, and to the formulation of food security programs and projects.

### Agricultural value chains

One of FAO's key contributions to RUTA's Phase V (2004-2007) was the assessment and promotion of agricultural value chains, along with other partner agencies such as IFAD and DFID.

In 2006, FAO and RUTA organized the Latin America's first international seminar on "Financing Agricultural Value Chains", held in Costa Rica. IADB, Academia de Centroamérica and SERFIRURAL/IFAD also supported this event.

Nearly 40 participants from agricultural private sector (production, processing, commercialization, exports and supply) attended the event. Financial institutions providing services to key players of agricultural value chains also attended the seminar. The event allowed many rural entrepreneurs to establish key business contacts.

RUTA published a book collecting the reports of this seminar.



### Main activities of RUTA's Phase V supported by FAO

- Marketing and agribusinesses
- Agricultural value chains
- RURALINVEST training
- Prevention of avian flu
- Central American Agricultural Policy
- Knowledge management and communication
- DR-CAFTA and rural employment

## Training to improve management capacity of small rural investments

One of RUTA's main activities in Phase V was RURALINVEST training. This is a tool designed by FAO to facilitate the identification, formulation, implementation and evaluation of small rural investment projects.

With support from FAO and IFAD, RUTA signed a series of memoranda of understanding to provide training in each country. The cooperation involved the following institutions: the Ministry of Agriculture in Guatemala; the Ministry of Agriculture, Universidad Dr. José Matías Delgado (UDJMD) and Universidad Centroamericana José Simeón Cañas (UCA) in El Salvador; Escuela Agrícola Panamericana El Zamorano, and the Forestry and Rural Productivity Project in Honduras; the Rural Development Institute and the Rural Credit Fund in Nicaragua; Universidad Estatal a Distancia (UNED) in Costa Rica; and the Ministry of Agricultural Development in Panama.

More recently, a new version of the RURALINVEST software was launched by FAO, to facilitate even more the design, execution and evaluation of rural investment projects (community and family businesses).

### Avian flu prevention and other themes

FAO and RUTA have been providing strong support to the avian flu preparedness efforts of Central American countries. Throughout 2006, RUTA, along with FAO, OIRSA and the Global Development Learning Network (GDLN), held a series of global dialogues on avian flu prevention. The main purpose of these events was to facilitate the exchange of information among Central American countries, and the Dominican Republic.

More than 600 representatives of public and private sector organizations, academic centers and the media from 12 countries attended to the events, as well as several specialists from Mexico, Chile, Argentina, France and United States.

FAO has also supported RUTA's work in other areas such as the formulation of the Central American Agricultural Policy and the assessment of DR-CAFTA's impact on rural employment, including a conference on this subject.



FAO's Investment Center has participated on the implementation of the RUTA Project since 1994, and its technical contribution has focused primarily on marketing and agribusinesses, as well as on the development of methodologies and tools to identify, formulate and evaluate small investment projects. For instance, the Investment Center has supported the development of projects and programs that promote diversification of production and income among farmers, and the development, validation and dissemination of Rural Invest.

In addition, other FAO units have also been working with RUTA more specifically on different areas.

## IFPRI and RUTA: Supporting Central American preparedness for trade liberalization



*Assessing the impact of trade agreements and helping countries to prepare for trade liberalization have been the main components of the joint work between IFPRI and RUTA*

Under the leadership of the International Food Policy Research Institute (IFPRI), RUTA carried out 20 analytical studies related to DR-CAFTA in five Central American countries, including the analysis of 25 value chains, and organized 4 regional events and 8 videoconferences. These activities were part of an intensive work program developed by RUTA during Phase V on trade liberalization issues.

Since its integration to the project in 2003, IFPRI is RUTA's most recent partner, and its core mandate is to promote food security and poverty reduction through joint research with partner institutions in developing countries.

The multi-country study on the impact of DR-CAFTA on the rural sector in Central America has been the largest component of the joint IFPRI/RUTA work program. This analysis responded to a request made to RUTA by the Central American Agricultural Council (CAC) and it was executed in collaboration with ECLAC and other agencies, and it is the largest analytical work on this topic in the region.

As part of this collaboration, RUTA organized a series of seminars, meetings, and videoconferences to analyze the impact of DR-CAFTA in rural areas. The events included the meeting held in 2006 among a group of economists and rural development researchers coming from international and regional think tanks. The main purpose was to discuss the effects of the free trade agreement on agriculture and rural development in Central America, and a book collecting the discussions has been published.

To carry out the studies, IFPRI and RUTA put together five country teams engaging key regional partners. The teams included the Academia de Centroamérica (Costa Rica), the Salvadoran Foundation for Economic and Social Development – FUSADES (El Salvador); NITLAPAN of the Universidad de Centroamérica and the Universidad Nacional (Nicaragua); the Universidad Rafael Landívar (Guatemala) and the Escuela Panamericana de Agricultura - Zamorano (Honduras). This work also involved linkages and information sharing with other agencies, in particular the World Bank, IFAD, IADB and FAO.

The findings and recommendations of the studies provide guidelines for the formulation of complementary policy agendas and related measures in the countries, to extend the benefits of DR-CAFTA to the rural population, and to mitigate the negative impact on vulnerable groups living in rural areas. A series of five national workshops and a regional event will be held, in October and November, to present the reports of these studies (see separate note on p. 15).

All reports and proceedings of the events on CAFTA are available at <http://www.ruta.org/cafta/>.



### Main activities of RUTA's Phase V supported by IFPRI

- Preparedness for trade liberalization (DR-CAFTA and other FTAs)
- Knowledge management and communication for rural development
- Drivers of growth

## IADB promotes the use of the sector-wide approach in rural development



*As a partner of RUTA's Phase V, the Interamerican Development Bank actively supported several initiatives to promote Central American preparedness for trade liberalization, vulnerable groups and agricultural value chains*

With IADB support, the alignment and harmonization of international aid and public investments on strategic sectors in rural areas was one of the main goals promoted by RUTA throughout Phase V. Other key partners such as DFID, the World Bank, FAO, IFAD and the Global Donor Platform for Rural development (GDPRD) also contributed to this initiative.

As part of this effort, RUTA has been promoting the “Sector-Wide Approach (SWAp)” methodology, seeking to integrate SWAp concepts into regional agendas and policies. SWAp is an approach to transform the way of doing development work, improving the effectiveness of international cooperation and maximizing the impact of public sector resources.

SWAp initiatives must be led by government agencies, therefore, the work of RUTA in this area has focused on the training of planning and policy units of the Ministries of Agriculture, international cooperation agencies working in Central America, NGOs, and farmer associations involved in rural sector growth and poverty reduction programs and projects.

As a result four subsector SWAps have been formulated in Honduras, focusing on strategic areas of the agrifood and forestry sectors. The SWAps are part of the “Plan Estratégico y Operativo para el Sector Agroalimentario y Forestal en la Visión del Poder Ciudadano (2006-2010)”. In Nicaragua, the SWAp experience has progressed rapidly and it has been systematized, facilitating its dissemination and application. In fact, RUTA and the IADB have jointly published a report on the Central American experience.

### Other topics

As a partner of RUTA since 1980, the IADB has supported other key areas of Phase V, including a series of activities to promote the preparedness of Central American countries for trade liberalization, especially in the context of DR-CAFTA. The support and participation of the IADB was key to the organization of the first international seminar in Latin America on “Financing Agricultural Value Chains”. The IADB has also contributed to the formulation of the Central American Agricultural Policy, and to the implementation of several projects focused on indigenous communities of the region.

RUTA and IADB put together a technical training program to strengthen local capacity in seven Central American countries, to undertake a systematic qualitative and quantitative assessment of agricultural subsidies, using the methodology prepared by the Organization for Economic Cooperation and Development (OECD). The main goal of this work is to prepare each country to identify the current structure of price support and fiscal subsidies provided to the agricultural sector, and to assess the related effects of trade liberalization.



### Main activities of RUTA's Phase V supported by the IADB

- Sector-Wide Approach (SWAp)
- Preparedness for trade liberalization (DR-CAFTA and other FTAs)
- Dissemination of the OECD methodology
- Agricultural value chains
- Vulnerable groups

## IICA: Support to the Central American Agricultural Policy (PACA) and the complementary policy agendas




*The Institute has worked together with RUTA on technical processes and other topics of PACA, the Regional Agroenvironmental Strategy, DR-CAFTA's complementary policy agendas and organic agriculture*

The Interamerican Institute for Cooperation on Agriculture (IICA) is a partner of RUTA since 1980, and the joint work program of Phase V has focused on the formulation of the Central American Agricultural Policy (PACA), the preparation of the Regional Agroenvironmental Strategy (ERA), the complementary policy agendas of DR-CAFTA and the promotion of organic agriculture.

IICA provided technical assistance on several strategic meetings that were part of the PACA formulation process. In fact, reaching a common agricultural policy will contribute to regional integration, which is one of the main priorities of the Institute in the region. RUTA and other partner agencies also share this perspective.

Other common areas of interest include rural poverty and food security, international trade, marketing and agribusinesses, sustainable agricultural production and natural resource management, and strengthening of rural institutions.

### **DR-CAFTA's complementary policy agendas**

Regarding trade liberalization, IICA has contributed to the publication of the study entitled "The complementary policy agendas of DR-CAFTA in Central America: Concepts and proposals". The Latin American Trade Network, with support from RUTA, carried out this study and its results will be disseminated in the near future.

IICA has actively participated to the meeting held in Costa Rica on 2006 to discuss the effects of DR-CAFTA on agriculture and rural development in Central America. In addition, IICA and RUTA are working together to strengthen public and private institutions to foster organic agriculture.



### Main activities of RUTA's Phase V supported by IICA

- Central American Agricultural Policy
- Strengthening of CAC's institutional capacity
- Study on DR-CAFTA's complementary policy agendas
- Strengthening the institutional framework of organic agriculture

## Case studies on financing agricultural value chains

This book provides a detailed description of the financial use of several agricultural value chains in three Central American countries. RUTA and IFAD's Financial Service Support Program (SERFIRURAL) published it on September 2007.

This publication discusses the cases of Agropecuaria Lafise in Nicaragua, Comercializadora de Minivegetales Aj Ticonel in Guatemala, and Cooperativa de Productores de Leche Dos Pinos R.L. in Costa Rica. The case studies of this research describe the financing of agricultural value chains, looking both at agricultural and financial aspects. Each case study includes a description of the enterprise and its local and international environment.

In addition, the publication describes in detail each component of the enterprise's value chain, highlighting their linkages to financial services, and underscoring the nature and features of contractual relationships that are fostered through the model. The publication of these experiences seeks to disseminate best practices on the financing of agricultural value chains, facilitating their adoption and replication in other countries.



## Series of workshops to present the study "The Impact of DR-CAFTA on Agriculture and the Rural Sector in Five Central American Countries"

Upon completion of the research work on "The Impact of the Central American Free Trade Agreement on Agriculture and the Rural Sector in Five Latin American Countries (CAFTA Project)", RUTA has supported the organization of a series of national workshops and one regional workshop to present the results. The World Bank, IADB, the Government of the Netherlands, and DFID financed this study led by IFPRI and ECLAC. The following is the calendar of events:

### National Workshops

- Guatemala City, Guatemala      October 23
- Tegucigalpa, Honduras            October 24
- San Salvador, El Salvador        October 25
- Managua, Nicaragua                October 26
- San José Costa Rica                 October 30

### Regional Workshop

- Tegucigalpa, Honduras            November 5

All the materials related to the workshops (reports, programs, presentations and video clips) are available at <http://www.ruta.org/cafta/>





## DESARROLLO RURAL SOSTENIBLE DE CENTROAMÉRICA

### UNIDAD REGIONAL DE ASISTENCIA TÉCNICA

In 1980, seven Central American governments and several international cooperation agencies launched the RUTA Project to promote rural and agricultural development throughout the region. Currently, RUTA is supported by the Ministries of Agriculture of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, and by the following international cooperation institutions: the World Bank, the Interamerican Development Bank (IADB), the UK Department for International Development (DFID), the United Nations Organization for Food and Agriculture (FAO), the International Fund for Agricultural Development (IFAD), the Interamerican Institute for Cooperation on Agriculture (IICA), and the International Food Policy Research Institute (IFPRI).

RUTA seeks to contribute to sustainable rural growth conducive to poverty reduction in Central America, through the development of national and regional capacities. RUTA is linked to the seven Ministries of Agriculture of Central America, and counts on technical and financial support of its partner agencies.

To fulfill its mandate, RUTA acts as a knowledge hub on rural development issues, providing quality information and data, disseminating emerging methodologies and approaches developed by its donors and partners, facilitating regional dialogue among multiple stakeholders, leading discussions on key themes and providing training on key topics.



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Chief Editor: Patrizia Cocca

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RUTA Project (San José, Costa Rica)

Telephone (+506) 255-4011 Fax (+506) 222-6556

E-mail: regional@ruta.org

[www.ruta.org](http://www.ruta.org)

