



Chapter 11
Towards National and Global Agendas
Latin America and the Caribbean¹

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The need to revitalize agriculture and rural areas

Whether one is more interested in growth or in social inclusion, the contribution of agriculture in Latin America and the Caribbean (LAC), is today less satisfactory than 30 years ago. A new agenda is needed to revitalize agriculture and rural areas, in order to improve their contribution to the overall development of LAC countries and the wellbeing of their societies.

Since the 1980's, policy-makers in the region have focused on removing price distortions and negative incentives, liberalizing markets, and promoting the for-export sector, in particular of non-traditional products. While continuing to promote competitiveness in globalized markets, a new agenda needs to pay greater attention to the growing and changing domestic food markets. Central to a new agenda are substantial increments in public investment in services, infrastructure, and in smart incentives focused in particular in strengthening the capacities of small and medium family farms and non-farm rural firms. If coupled with rural territorial development strategies that enhance urban-rural and inter-sectorial linkages, these sectorial policies can enhance the contribution of agriculture to broad-based rural growth. Past experiences teach us that explicit objectives, policies and budgets need to be part of the agenda to make sure that the rural poor are not left out –again- and the costs of this growth are not passed on to future generations in the form of deteriorated ecosystems and natural resources. Finally, in Latin America and the Caribbean, a new agenda will not improve the wellbeing of the majority of the rural people if it does not address head-on the inequality that scars these societies, in particular in the access of the poor, of women and of indigenous peoples to land and water and to social, financial and technical services.

The reforms of the 1980s and 90's were insufficient and in many ways disappointing

The agricultural GDP of LAC grew by an average 3.4 percent per year in the period 1970-1974, and only by 3.1 percent per year in 1999-2003, with even lower growth rates in the period in between (FAO 2004). In the same periods, the growth rate of agricultural GDP was lower in all sub-regions of LAC except the Andes, as well as in almost two thirds of the countries for which comparable data is available.

The incidence of rural poverty between 1980 and 2002, increased from 59.9 percent to 61.8 percent, adding four million poor rural people, despite the fact that during these years there has been a large scale transfer of poor people from rural to urban areas (de Janvry and Sadoulet 2000) as well as to Europe and the USA (half a million people per year out of Mexico alone, many of them from rural areas). Rural poverty has become harsher, as the number and proportion of the *extremely* poor grew substantially in the same period. The extremely poor accounted for 54.6 percent of all the rural poor in 1980 and for almost two thirds 22 years later (CEPAL 2004).

Nine out of 13 countries for which there is comparable data on rural income inequality, show an improvement between the 1990's and the first half of the 2000's. However, compared to the late 1970's and early 80's, income inequality as measured by Gini coefficients has not improved in a majority of countries, including the largest ones such as Brazil or Mexico. The population-

weighted regional³ Gini coefficient of rural per capita income at the start of the XXI century, was 0.52, similar to that of India in 1960, Malaysia in 1970, or Botswana in 1975.

Differential regional dynamics

These regional and national averages obscure the differential dynamics of development at the sub-national level. Table 1 shows that almost one fourth of the rural population of six LAC countries, live in regions where changes over time in per capita income, poverty incidence, and inequality, are equal to or better than the changes in national average for rural households rural; that is, the gap between rural households in these regions and the national average, are narrowing. This type of regional dynamic is particularly important in Brazil and Chile. At the opposite end, 8 percent of the rural households live in regions with a growing gap in the three development outcomes, but this very adverse regional dynamic is found in only two of the six countries (Peru where it involves 60 percent of the population and Paraguay). About one third of the rural households are in regions with gains in two of the three indicators; including one fifth that are in regions with a growing gap in per capita income but a narrowing gap in the concentration of income and the incidence of poverty, probably as a result of social programs and direct monetary subsidies given that this trend is seen in three countries which have implemented strong policies of this kind (Brazil, Chile and Mexico). Another third of the rural households is located in regions with a growing gap in two of the development outcomes, with half of the rural households of Colombia in this condition.

Table 1. Regional rural dynamics relative to national averages for rural households

Country	Regional changes relative to national average for rural households, in:									
	Period	win-win-win	win-win-loss	win-loss-win	win-loss-loss	loss-win-win	loss-win-loss	loss-loss-win	loss-loss-loss	Total
Brasil	1995-2001	47,5	1,3	0,0	0,0	24,8	26,3	0,0	0,0	100,0
Chile	1990-2003	57,2	0,0	9,8	0,0	32,1	0,0	0,8	0,0	100,0
Colombia	1995-2000	24,9	0,0	24,5	29,7	0,0	20,8	0,0	0,0	100,0
Mexico	1994-2002	0,0	2,6	11,2	17,0	36,8	32,4	0,0	0,0	100,0
Paraguay	1995-2001	2,1	0,0	37,2	4,9	13,1	12,7	19,2	10,8	100,0
Peru	1994-2002	21,5	0,0	0,0	0,0	17,3	0,0	0,0	61,2	100,0
Total		24,1	1,2	9,5	10,9	22,6	22,5	0,6	8,5	100,0

Win= gap between regional average and national average (rural households) is stable or narrowing down; Loss= regional gap with national average is growing.

Source: Authors' calculations using national household surveys provided by the World Bank

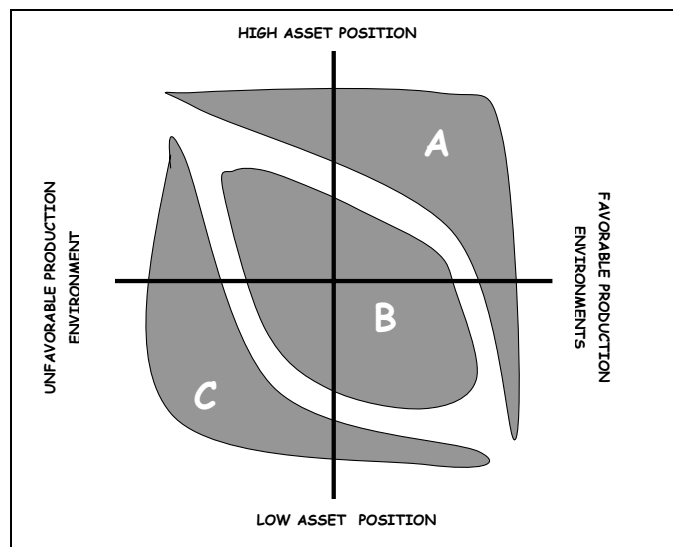
Uniform sets of economic, sectorial and social policies, evidently lead to very different outcomes in different rural regions. One major challenge is to be able to design national strategies that are

³ 13 countries for which there is data.

grounded on differentiated policies to accommodate the multi-dimensional heterogeneity of LAC's agricultural and rural sectors. These results support the calls to pay greater attention to territorial approaches to rural development policies (Sepúlveda et al. 1998, Abramovay 1999, da Veiga 2000, Echeverría 2003, Echeverri and Ribero 2002, Schejtman and Berdegué 2004, de Janvry and Sadoulet 2004, de Ferrantis et al. 2005). Such policies will have to deal with the fact that while there is a highly significant correlation between income growth and poverty reduction at the regional level, there is also an adverse correlation between poverty reduction and concentration of income⁴. Hence, economic growth by itself cannot simultaneously deliver the three desired development outcomes even as national averages, and a more integral set of policies is required.

Farm-level heterogeneity

One way to conceptualize the diversity found in LAC agricultural and rural areas is shown in figure 1. Agricultural households fall in one of three broad categories. Type A is made up of those households that have a high asset position that allows them to take advantage of the favorable production environments in which they are located. At the other extreme are those households (Type C) whose option for an agriculture-based livelihood strategy is constrained by an unfavorable environment and low asset positions. These two opposite types have tended to monopolize the policy debate in the region, often obscuring the fact that there is a very large middle sector (Type B), constituted by millions of medium and small scale family farms whose contribution to development and whose fate in the globalized economy could go either way, depending to a large extent on the quality and coverage of public policies.



Source: Berdegué and Escobar 2002

Figure 1. Typology of agricultural households

⁴ Partial correlation coefficients of -0.576 and 0.432 respectively between rural poverty incidence and income per adult equivalent, and between poverty incidence and Gini coefficient of per adult equivalent income, in the 64 regions in the six LAC countries included in table 1, both significant at the 1 percent level.

Based on Chiriboga's (1999) analysis of agricultural censi, we estimate that there are around half a million Type A farms (holding 55 percent of the land), 6 million type B farms (42 percent of the land), and 11 million Type C farms (3 percent of the land) in the 15 countries included in this study. The distribution however varies by subregion: Type B farms are around 40 percent of total landholdings in the Southern Cone, 30 percent in the Andean region, and only about 20 percent in Central America. Schejtman and Berdegué (2005) using different sources than Chiriboga (1999) estimate that there are around 7.3 million Type B farms in Brazil, Chile, Colombia, Honduras, Mexico, Paraguay and Peru, representing between 14 and 53 percent of the total number of farms in those countries.

Direct effects of agricultural growth on rural poverty are of less importance in Type A conditions, as few of these farmers will be poor to begin with. On the other hand, it is under Type A conditions that indirect effects are maximized. The high productivity typical of Type A situations, benefits poor urban and rural consumers with lower food prices. When intensive agricultural systems are the norm, thousands of jobs can be created, and Type A areas are characterized by large seasonal migration of farm workers from less favored regions, often across countries. A dynamic farm sector typically is also linked with nonfarm enterprises and, through these linkages, contributes greatly to the growth of the greater economy and to poverty reduction, as demonstrated by Valdés and Foster (2003) and by de Ferranti et al. (2005).

Type B small and medium family farmers usually have the incentives to embark in market-oriented innovation processes, but lack the capacity to fully respond to favorable contexts, either because their assets are too limited, the productivity of such assets is low, or because the transaction costs they face are too high. It is likely that this group of small family farms represents the best opportunity (in economic, social and also political terms) for linking agricultural growth and rural poverty and inequality reduction policies. Many of these farmers are themselves poor or move in and out of poverty with the economic and climatic cycles, and this opens space for direct effects on the net income of farming households. Also, the research on the nonfarm rural economy shows that in this type of situations farm-nonfarm linkages develop well and have large effects on the welfare of rural communities (Reardon et al. 2001). Finally, small and medium family farmers in type-B situations produce a large share of the region's food products, as will be discussed later.

Type C households lack most types of assets aside from unskilled labor and, sometimes, very little land and, at the same time, operate in unfavorable environments. The potential for agriculture-based development that results in sustainable and widespread reduction of poverty levels, is very limited or non-existent. Type-C households that have access to land, often engage in subsistence farming because: (a) they lack better employment options; (b) they have developed diversified livelihood strategies in which agricultural production complements other sources of income, often as unskilled agricultural labor, from remittances and subsidies, or from refuge rural non-farm activities; and (c) transaction costs are so high as to effectively bar them from operating in the market as sellers and/or as buyers of most agricultural products. Notwithstanding the limitations to agricultural growth, it is essential to understand the critical role that agriculture plays in sustaining the livelihoods of tens of millions of Type C poor rural people; even in a growing and diversified rural economy such as Chile, for example, each subsistence farmer produces annual crops with an average value of approximately \$ 447, *the equivalent of two monthly household incomes at the poverty line level*. Depending on the

availability of non-farm employment and income diversification options, it may well be the case that supporting subsistence agriculture is a “second best” strategy that can make a significant contribution to poverty amelioration for a substantial proportion of the rural poor.

What is now clear from the empirical evidence, is that small and medium family farms are not disappearing in Latin America and the Caribbean. Bezemer and Hazell (2006) estimated exit rates from agriculture by 2015 for the different regions of the developing world, and under different scenarios of growth and of urban-rural wage differentials, projected “not much change in Latin America and the Caribbean” (p. 13). Modrego et al. (2006), looking at household surveys from nine Latin American countries, found only very slow changes in the share of “self-employed in agriculture” households, and in fact in four countries (Chile, Colombia, Guatemala and Honduras) found the share to be increasing.

However, those households whose head declares him or herself to be primarily “self-employed in agriculture”⁵, have seen a deterioration in their welfare over the past 15 years or so. In ten out of 15 countries analyzed, there has been a growing gap in poverty rates between this category and the rural average: Costa Rica (gap grows by 22 percentage points), Panama (15 points), Mexico (14 points), Chile (10 points), El Salvador (9 points), Guatemala (7 points), Nicaragua (4 points), Honduras (3 points), Paraguay (2 points) and Bolivia (one percentage point). Peru remains stable, while there are improvements (narrowing of the gap) in Dominican Republic (12 percentage points), Colombia (10 points), Brazil (5 points), and Venezuela (1 point) (CEPAL 2004). However, according to Modrego et al. (2006), there has been a significant reduction in the gaps in services such as education of household members over 15 years of age and access to electricity, between households headed by “self-employed in agriculture” and those headed by “employers in agriculture.”

Another increasingly important dimension is that of gender. According to Lastarria-Cornhiel (2006, p. 4), in many Latin American countries “women have increased their participation in the agricultural wage labor force, particularly in non-traditional export agriculture. In the smallholder sector, women are assuming more responsibility in agricultural production either as principal farmers or as unremunerated family workers.” The feminization of Latin American agriculture has significant implications for public policy. To start with, policies are needed to address the persistent problem of improving rural women’s access to productive resources, support services, and health and education. In addition, much remains to be done in terms of improving national statistics so that they reflect more accurately the contribution of rural women to the farm and non-farm economies. Last but not least, “as women take on more responsibility for agricultural production, policy makers should explore how to provide services and innovations that reduce the time and work involved in domestic tasks” (Lastarria-Cornhiel (2006, p. 20).

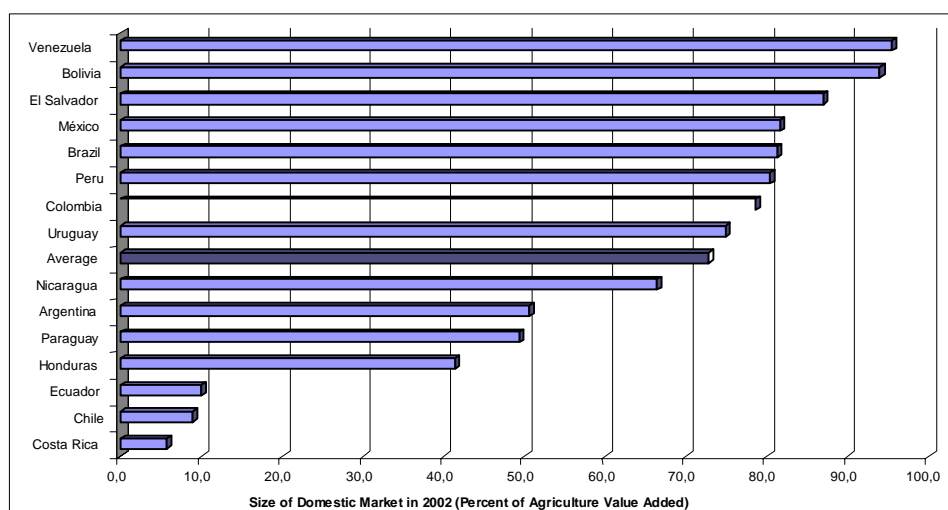
Types of markets

For many good reasons, much of the political and policy emphasis in the region since after the end of the structural adjustment processes, has been placed on creating favorable conditions and capacities to access global markets, with a special interest on the promotion of non-traditional

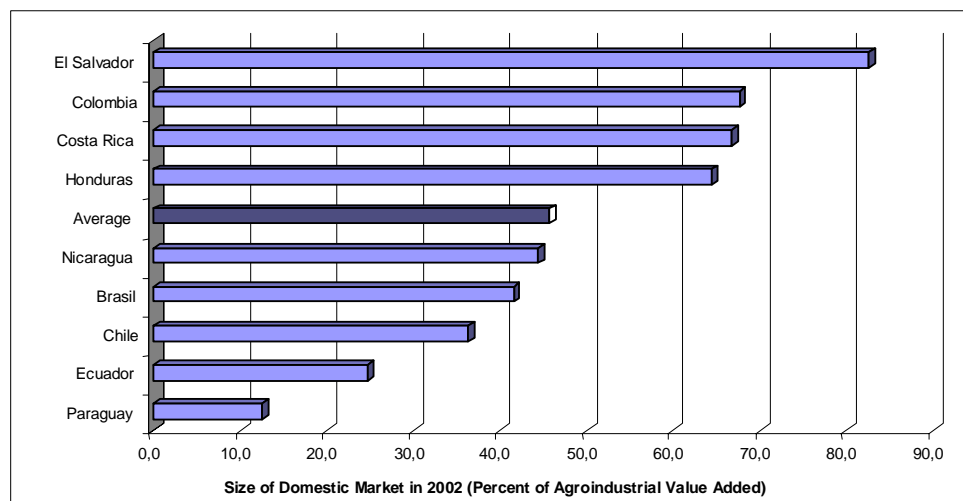
⁵ This group could be compared in broad terms to Type B households, in contrast with those who declare to be primarily “agricultural wage employees” (closer to Type C) or to those who define themselves as “employers in agriculture” (indicative of Type A).

exports (NTEXs). This interest has been spurred by the numerous trade agreements signed by a majority of the countries in the region. However, one could argue that this interest has often been accompanied by an unwarranted neglect of policies to improve and exploit the domestic food markets.

In the case of 16 Latin American countries that collectively represent more than 80 percent of the regional agricultural GDP, the domestic market consumes 73 percent of the agricultural output; the figure is 46 percent in the case of agroindustrial products in nine countries (figure 2). Even in the case of fresh fruits and vegetables, where the non-traditional export market receives much attention from international agencies and national policy-makers, it has been estimated that the sales of supermarkets in domestic markets represent over 1.5 times the value of the fresh fruit and vegetable exports from the region (Reardon and Berdegúe 2002). In 2003, domestic food sales by modern retailers in LAC, amounted to over \$ 169 billion (Reardon and Berdegúe 2006).



(A) Agricultural products

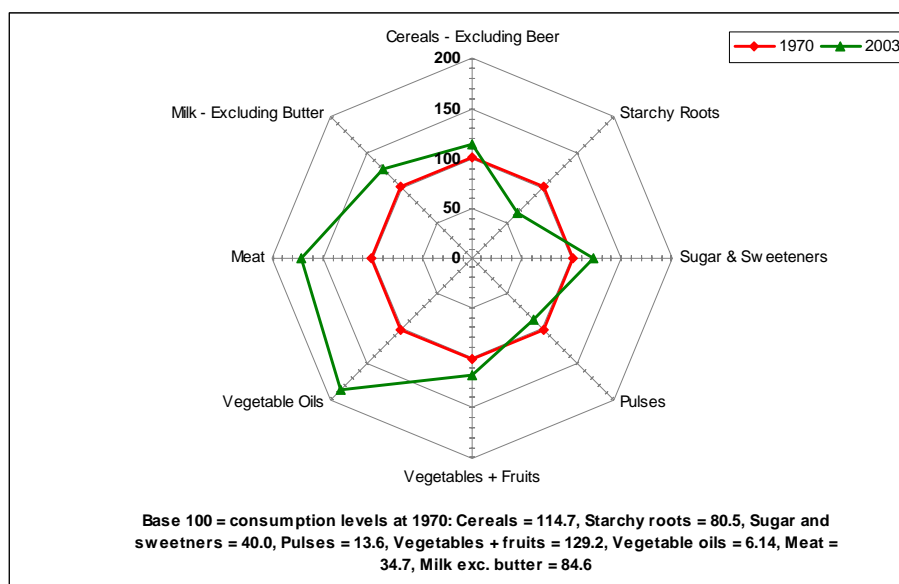


Source: Authors' calculation based on CEPAL (2006), World Bank World Development Indicators online and UNIDO online.

Figure 2. Domestic market share of agricultural and agroindustrial products

Driven by demographic growth, urbanization, and dietary transitions, markets within developing countries for agricultural products are growing at a faster rate than those in the industrialized countries. Between 1998 and 2002, sales of Nestlé and Unilever, respectively, grew by 7 and 3.2 percent in Europe and by 29.8 and 8.3 percent in Latin America and sales of packaged products in 1996-2002 grew by 29 percent in lower-middle income countries, compared to only 3 percent in high income countries (Wilkinson and Rocha 2006).

In short, the domestic market in LAC as a region and in most of its countries individually, is the largest and the fastest growing market for agricultural products. This creates important opportunities for agricultural growth. The domestic markets in all LAC countries are also rapidly changing in their structure and in the way they work. Figure 3 illustrates the changing consumption pattern of the Latin American and Caribbean people; not only do they eat 22 percent more food per capita than 30 years ago, they also eat different (in particular, more meat, dairy products, fresh fruits and vegetables, and vegetable oils).

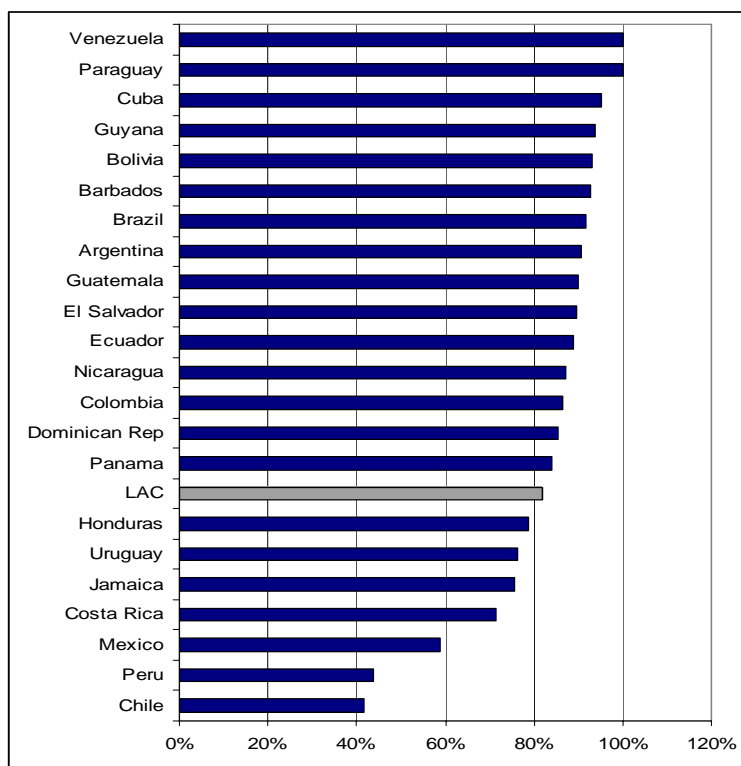


Source: FAOSTAT (Food Balance Sheets)

Figure 3. Changing patterns of food consumption in Latin America and the Caribbean, 1970-2003 (food per capita per year in kg, base 1970=100)

Due to liberalization of Foreign Direct Investment policies and to trade agreements, it is becoming more difficult for LAC farmers to compete and to meet the conditions of the rapidly changing domestic markets. Long gone are the days when domestic markets were those of inefficient wholesale markets and informal intermediaries. Today, the *new domestic food markets* in LAC are dominated by supermarket chains, giving rise to four major trends in food procurement systems: extension and integration of catchment areas, reliance on specialized wholesalers and modern logistics firms, greater vertical coordination and rapid emergence of a variety of contractual arrangements that are displacing spot markets, and a growing importance of private quality standards and of private enforcement of public standards. More and more, domestic and global markets converge in their dynamics, organizational forms and institutional settings (Reardon and Berdegúé 2006).

While production for the export market tends to be concentrated in capitalized farms and agribusinesses, a large percentage -probably the majority- of medium and small family farms and agri-processors tend to focus on the domestic market. This creates a potential for direct and indirect impacts of agricultural growth on the reduction of rural poverty and inequality. The case of Chile is particularly illustrative of this point; despite the fact that this is one of the most export-oriented countries (figure 2), there are 11 times more farmers engaged in the domestic market than those dedicated primarily to the export sector. Of those Chilean farmers who produce food for the domestic market, 89 percent are commercially-oriented small and medium family farmers. Two thirds of Chilean commercially-oriented small farmers produce for the domestic market (ODEPA 2002). These trends are likely to be augmented in countries with a large domestic market agriculture and high proportions of small scale farmers, such as for example Bolivia, Brazil, Colombia, Guatemala, Mexico or Peru.



Source: CEPAL 2006 and FAO 2004.

Figure 4. Traditional commodities as percentage of LAC food exports

Agricultural exports account for 11 percent of total LAC exports, but in about half the countries of the region this contribution is of 20 percent or greater (Piñeiro 2005). Despite the significant efforts made in promoting higher value and non-traditional exports, the traditional commodities that have been important for a long time, such as coffee, cocoa, cereals, banana, vegetable oils, and meat, still account for over 80 percent of regional exports (figure 4).

There are six LAC countries with a significant participation⁶ in global exports of higher value food products: Argentina, Brazil, Chile, Costa Rica, Ecuador and Mexico. As explained by Henson (2006), exports of higher value products tend to be dominated by middle-income countries because of the very substantial private and public investments and the well developed institutional contexts that are required to be successful in these markets. In addition, global markets of each product tend to be dominated by a small number of early entrants. While this does not rule out the possibility that other LAC countries can gain a foothold in global markets of higher value agricultural products, it does mean that, for most countries, there are clear limits to what can be expected.

Higher value export markets tend to be the domain of relatively small numbers of capitalized farmers, urban entrepreneurs that invest in agriculture, and processing and trading firms. However, family farmers -in some instances including poor households- have been able to achieve a significant participation in some niche markets, notably organic coffee where 13 LAC countries provide almost half the global area (Henson 2006), and the Fair Trade markets for banana, coffee, fresh fruits and vegetables, honey, fruit juice, and sugar, where LAC accounts for two thirds or more of the certified producers in the world (Farnworth and Goodman 2006, Lyon 2006). While these examples are limited in scope, they do show that given the right incentives, effective producers' organizations, and availability of financial and technical support services, small family farms can rapidly innovate and participate successfully in very dynamic and competitive markets.

A regional agenda based on differentiated strategies

The domain at the intersect of new domestic markets and small and medium family farms needs to receive top priority attention in a new agenda for the revitalization of LAC agriculture and rural areas in the years to come. All studies confirm that public policy to promote and support the productive transformation and institutional development of rural areas, will play a critical role here, whether one is looking at the poorest counties (Jansen and Alwang, undated) or at the largest economies (Graziano da Silva 1999, de Janvry and Sadoulet 2000, da Veiga 2001, Winters et al. 2002), at commodity markets (Escobal 2000) or at contract agriculture (Escobal et al. 2000, Echánove 2001, Pomareda 2006), or at the region as a whole (Gordillo de Anda et al. 2003; Schejtman and Berdegué 2004; de Janvry and Sadoulet 2004; de Ferrantis et al. 2005).

A strategy to promote small and medium family farms aimed at the new domestic markets should have the objectives of: (a) *fostering an enabling environment* for broad-based investment and growth, through effective services, investments and institutions with public good characteristics, including plant protection and animal health, innovation systems, roads and communications, irrigation, Good Agricultural and Manufacturing Practices, and quality standards and certification for the domestic markets; (b) *developing and modernizing domestic markets* to upgrade them to meet the challenge of new consumer demands and modern retail-driven food supply and distribution chains, and; (c) *strengthening the capacities of small and medium family farms* to take advantage of this improved environment, through greater access to effective financial services, training, technical assistance and producers' organizations.

⁶ Defined as equal to or greater than 1 percent of global exports.

In the case of *traditional export commodities*, although there has been some recovery in prices, the crisis of the sector persists as also the traditional division of labor between primary exports from developing countries and processing and increasingly services, which are almost exclusively reserved to the major consumer countries. In this context, four kinds of policies are most important (Wilkinson and Rocha 2006): (a) renegotiating the quality attributes of primary production to take advantage of new consumer demands; (b) moderate extreme price fluctuations aggravated by the dismantling of international regulatory mechanisms, through some measure of re-regulation (trade policy); (c) remove or reduce the market distortions created by production and export subsidies, for which the renewal of multilateral trade negotiations is critical (trade policies) and; (d) the horizontal, public-good type of sectorial policy measures that were described for the domestic market / family farm sector, are also relevant to the traditional for-export commodities.

Higher value non-traditional agrifood exports present significant opportunities⁷; however, the required capacities to enter and maintain a presence in such markets are significant. The critical question, therefore, is how to facilitate the greater participation of developing countries, and of lower-income countries where agriculture plays a greater economic role. The capacities required to gain and maintain access to such markets are themselves evolving, presenting on-going challenges, especially for those countries that have had little or no presence in these markets to date. Even in countries whose supply to high-value markets remains weak, it is possible to discern ‘islands’ of enhanced capacity that are frequently product and/or supply chain specific. Highly effective innovation systems addressing product, process, management, marketing and chain organization, are of the essence, as is the development of a highly dynamic, modern private sector, that can and should include a good share of family farms. Further, capacity development should be seen as an on-going and continuous process of improvement across the supply chain, avoiding the temptation to focus on one particular element or level of the chain rather than the efficiency and capabilities of the chain as a whole. The effects on poverty are mainly through job creation (in particular for rural women), but there are also opportunities for sectors of small farmers through contract agriculture and other forms of vertical coordination.

Subsistence agriculture farmers follow pluriactive strategies to improve their wellbeing. It is recognized that the agricultural component (self employment) of their income in most circumstances has a low growth potential. However, from this consensus some governments and agencies have erroneously concluded that this agricultural component of the household income can be disregarded. The facts are that: (a) it is critical for the food security and basic nutrition of these households; (b) it sustains the income of many of them above extreme poverty levels in the absence of better employment options, and (c) it generates employment in areas where there are few other opportunities. If policies and programs are designed to avoid clientelism and other corrupt practices –and this is a big if- there are clear social benefits in investing in the support of the agricultural component of the income of these households, as an important element of a broader development and poverty-reduction strategy.

Agroecology is one approach that has received the attention of many poor rural communities that are attempting to find new ways to carve a niche for themselves in a context of liberalized markets and reduced and often non-existent public services and supports. Integrated pest and

⁷ This section is based on Henson 2006

nutrient management, agroforestry, aquaculture, and conservation agriculture, are some of the agroecological practices that are being used by tens of thousands of poor farmers in unfavorable contexts, as pillars of broader local and territorial sustainable development strategies (Pretty 2006). After many years of practice and experimentation, “technologies and social processes for local scale adoption of more sustainable agricultural practices are increasingly well-tested and established; the social and institutional conditions for spread are less well-understood, but have been established in several contexts, leading to more rapid spread in the 1990s and early 2000s; and the political conditions for the emergence of supportive policies are least well established, with only a very few examples of real progress” (Pretty 2006, p. 23).

Compensation for ecosystem services is another new strategy that offers the potential to make significant contributions to the development of poor rural communities in regions with few agriculture-based options. In addition to its direct income-generation effects, it can valorize LAC peasants and poor rural communities role in the larger society, through significant contributions to climate change mitigation, regulation of water flows and water quality, conservation of important ecosystems and rural landscapes, and the promotion of cultural identities and diversity (Rosa et al. 2004).

In all cases known to us of poor and non-poor family farmers’ participation in more dynamic markets, whether in the international or in the domestic markets, there is one common characteristic: product and/or process differentiation (Ranaboldo 2006). This involves innovations by farmers to capture and to embed in a product a particular quality attribute valued by consumers, innovations in the procurement and retail systems to transmit that information to consumers, and institutional innovations so that a significant proportion of the value added is passed on to producers and to their rural communities. Indeed, what these farmers bring to the market more often than not is a cultural attribute or a social value (e.g., fair and ethical social relations in the marketplace, respect for nature, indigenous traditions). It is a complex process but indeed one which appears to offer a valuable opportunity for poor farmers who cannot expect to compete on the basis of their physical or financial assets. A long list of failed attempts should discourage further emphasis on trying to base the development of the family farm sector mainly on their becoming globally competitive in the production of commodities.

Given the spatial differentiation of the different types of agriculture, the above strategies require a *territorial approach* in their design and implementation. This means: (a) decentralizing policies by strengthening public and private agents and multi-stakeholder platforms at the local level, and empowering them with real decision-making capacity; and (b) strengthening urban-rural and inter-sectorial linkages in the broad agro-rural economy, as two key conditions for the systemic competitiveness of agro-rural territories. This approach creates opportunities for a more integral display of the full range of employment option and livelihood strategies, contributing to a more pro-poor agricultural development.

Last but certainly not least, it will remain very difficult to reinforce the positive feedbacks between agricultural growth and development, if the inequalities that scar rural LAC are not confronted decisively and head-on (World Bank 2005). *The imbalance of economic, social and political power is such that the agenda-setting and most of the benefits are likely to be captured by elites if the strategy does not include explicit and substantive goals of greater equality in the access to land and water, to technical and financial services, to rural infrastructure, and to*

education and health. Above and beyond those goals, gender and ethnic inequalities in rural LAC, demand specific measures so that women and indigenous peoples - the most marginalized sectors of rural societies in the region- are given a fair chance to participate in the building of better societies and in the sharing of the benefits.

The design and implementation of this agenda demands a reassessment of existing governance mechanisms, institutions and agents. Public organizations have a strategic contribution to make, but to deliver in an environment of ever-growing complexity and dynamism they will need to carry out deep changes in their orientations, resources and structures, with particular emphasis on their vision and strategy, public-private collaboration and policy and managerial capabilities. The redefinition of the role of the public sector should incorporate functions of networking, partnership with the private sector and leverage for supporting innovative initiatives. New mandates and strategies are needed for this redefinition, as well as a more rigorous consideration of the complexities and heterogeneities of agriculture, particularly in relation with the rural poor. Ministries of Agriculture, then, should be governed by an impact orientation, cost-effectiveness criteria and reinvigorated in their analytical, operative and innovation capabilities (Martínez Nogueira 2006).

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