

CENTRAL AMERICA PROGRAM

More than 55 percent of the 35 million inhabitants of Central America live in poverty despite accelerated economic growth in recent years. Growth has also been uneven across countries. In poor countries like El Salvador, Guatemala, and Honduras, per capita growth in gross domestic product has averaged less than 2 percent per year. Despite ethnic, ecological, and economic diversity, all countries in the region share problems of uneven economic growth, unacceptably high poverty and malnutrition rates, and lagging agricultural growth. More than 60 percent of the region's poor are found in rural areas, where slow economic growth, unequal distribution of assets, inadequate public investment and public services, and vulnerability to external natural and economic shocks are major policy issues. In addition, the Central America Free Trade Agreement (CAFTA), if not accompanied by a complementary public policy and investment agenda, could increase the numbers of rural poor. Policymakers, international development partners, and other stakeholders in the region have to make strategic choices:

- Which policies and strategies are most likely to achieve sustainable economic growth?
- How can economic growth be made more pro-poor to reverse the rising trend of rural poverty and the widening income gap between rural and urban areas?
- Which policies and investments can ensure that trade liberalization does not leave behind small farmers and what is the role of targeted assistance programs?
- How can the benefits of migration and remittances be captured by the rural poor?
- In a region of mountainous terrain, environmental degradation, and frequent natural disasters, what kinds of technologies and protection mechanisms can be established?



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IFPRI'S CENTRAL AMERICA PROGRAM

To reverse worsening rural income distribution trends and environmental degradation, Central American policymakers need sound and timely information to support rural development with effective policy and investment strategies. Such information is becoming increasingly valuable given current trends toward more open economies and growing pressure on the public sector from donors and lenders to allocate investments in ways that result in lasting and sustainable solutions to rural poverty.

IFPRI's Central America Program provides research-based solutions regarding policy options for reducing rural poverty. The program is developing a coordinated IFPRI research and outreach strategy for Central America founded on policy-related scientific research, capacity strengthening, and communication of research results. The program is designed to

- Provide information and knowledge to assist in the formulation of strategies for poverty alleviation and sustainable rural development.

- Provide research-based policy options for effectively managing the rapidly changing external economic environment and the resulting transition problems relating to food and agriculture.
- Create and strengthen collaboration between IFPRI researchers and Central American research institutions and individuals.
- Engage in policy dialogue with government bodies, other researchers, and members of civil society, and use appropriate communication channels to disseminate research results to the region.
- Strengthen the national analytical capacity in the region through collaborative research and training.

The Program focuses mainly on the four poorest countries in the region: El Salvador, Guatemala, Honduras, and Nicaragua. These are the countries with the largest total populations, the highest percentage of rural population, the lowest poverty-reduction impact from economic growth, and what is generally perceived to be the poorest governance.

PRIORITY RESEARCH AREAS

1. Sources of broad-based growth in rural areas. This area aims to explain how different policies and investment strategies may achieve sustainable, poverty-reducing rural economic growth, especially at the household level.

2. Globalization and trade liberalization. This research analyzes policy options for helping Central American small farmers and other vulnerable groups benefit from agreements such as CAFTA by identifying potential risks as well as promising national, regional, and international market opportunities.

3. High-value agriculture and rural nonfarm activities. This work focuses on ways to increase the participation of the rural poor in high-value agriculture and nonfarm economic activities, and on the policies needed to improve allocation of remittance flows toward investments that benefit the poor.

4. Investment in less-favored lands. This research helps guide public-fund allocation by assessing the relative returns on public investments in favored versus less-favored regions and by identifying the best investments in less-favored areas.

5. Governance. This area focuses on governance structures and policy processes (including local governance and public provision) that improve agricultural productivity, food security, and rural development.

Implementing a Network of Collaboration

In carrying out its research agenda, IFPRI's Central America Program works in close collaboration with national and regional research institutes and ministries, as well as with international organizations working on issues related to poverty and economic growth, trade, natural resource management, and governance in the region. Close interaction with local researchers and policymakers is key to understanding Central America's challenges and policy formulation process.

IFPRI's Main Research Partners in Central America

- The Regional Unit for Technical Assistance (Costa Rica), which oversees partnership with
 - The World Bank
 - The Inter-American Development Bank
 - Department for International Development
 - International Fund for Agricultural Development

- The Food and Agriculture Organization of the United Nations
- The Inter-American Institute for Cooperation on Agriculture
- The Central American Academy (Costa Rica)
- The University of Central America and the National University (Nicaragua)
- The Zamorano Panamerican School of Agriculture (Honduras)
- The Salvadoran Foundation for Economic and Social Development and the National Foundation for Development (El Salvador)
- The University of Landivar and the Latin American Faculty for the Social Sciences (Guatemala)
- The Central American Council of Ministers of Agriculture
- The Economic Commission for Latin America and the Caribbean
- The Tri-National Trifinio Commission (El Salvador, Guatemala, and Honduras)

The program also builds local capacity, recognizing the necessity of increasing the region's capacity to convert research results into sound policy proposals. The capacity-building aspect of IFPRI's Central America Program is implemented through collaborative research; short-term, project-specific training; and association of IFPRI staff with educational institutions in the region such as the Center for Tropical Agricultural Research and Higher Education.

In addition to research partnership and capacity building, IFPRI actively engages in a policy dialogue with the region's main government bodies in charge of rural development policies, as well as with semipublic organizations (such as universities) and policy research organizations within civil society (think tanks and nongovernmental organizations) that play a prominent role in the policy discourse in Central America. The program strives to reach a large regional and national audience by using a wide range of bilingual (Spanish and English) communication tools, including conferences, training workshops and consultations, local media and publications, policy-focused briefs, and dialogue through its network of partners and collaborators.

IFPRI's office for Central America is housed in the Regional Unit for Technical Assistance (RUTA) in San José, Costa Rica. RUTA is an interagency project with over two decades of experience with rural development in Central America. IFPRI's Central America Program is carried out by staff located at the San José office who work in close collaboration with other research teams at national institutes in the region and at IFPRI headquarters in Washington, D.C.

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