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THIRTY-FIRST REGIONAL CONFERENCE FOR LATIN AMERICA AND THE CARIBBEAN

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CHALLENGES AND OUTLOOK FOR THE CENTRAL AMERICAN SUBREGION

Introduction

1. This document presents the priorities and strategic areas that FAO proposes to pursue in the medium term (2010-2013), based on an analysis of the state of food security and the different elements of Central American agriculture (crops, livestock, fisheries and aquaculture, forests, climate change, bioenergy), topics that have a direct impact on the development potential of the subregion. It then presents the challenges that the subregion faces and establishes corresponding priority thematic areas for FAO's work in the subregion during the established period.

2. This work is integral to the current process of institutional reform of the Organization that seeks to enhance the impact of its actions and optimize its interventions around the Strategic Objectives (SOs) defined by member countries. These objectives, framed in the new FAO paradigm, are to be achieved through the established Organizational Results (ORs), towards which all spheres of FAO intervention should be directed. Approaching the SOs and achieving the ORs define the Organization's global goal, requiring coordinated interventions between different geographical levels (global, regional, subregional and national). FAO has developed operational instruments that will serve to enhance coordination while at the same time offering a multi-annual perspective able to identify long-term priorities and channel resources in an effective and transparent manner, at regional level (Latin America and the Caribbean) and subregional level (Central America). In addition, given that FAO operates at different geographical and administrative levels, specific programme instruments are required at each level to ensure coherence of interventions and help promote economies of scale and operational synergies.

3. The following programme instruments have been designed:

i) At global level, the Medium Term Plan 2010-2013[1](MTP) identifies the SOs and ORs that set guidelines for other levels of action. The MTP is complemented by the Programme of Work and Budget of the Organization 2010-2011.

ii) At regional level, the regional medium-term priority framework identifies priorities that most countries and/or subregions share.

iii) At subregional level, the subregional medium-term priority framework coordinates activities developed in countries making up a subregion.

iv) At national level, the National Medium-Term Priority Framework (NMTPF) identifies priority actions for FAO technical assistance at country level.

v) At sectoral level, FAO relies on reports of sectoral conferences (LACFC, CODEGALAC, etc.) which, although not programme documents as such, represent technical inputs for all other regional programming instruments.

4. The process of identifying priorities at different levels of programming (regional, subregional and national) takes into account the Organization's available resources and actual capacity. This helps determine areas in which FAO's efforts will need to be concentrated to achieve concrete and measurable benefits for member countries.

5. The Organization's planning process is not an internal activity disconnected from the policy action of national governments or from supranational and intergovernmental programming. Each level of planning requires the direct participation of corresponding governmental bodies.

6. For this reason, programming at **national** level is conducted in close collaboration with governments, taking into consideration their agendas and programmes. The final document, the NMTPF, is therefore the result of alignment and broad discussion between the Organization and different public bodies operating in areas within FAO's remit. The process of joint formulation of the programming document concludes with the signature of both parties, thus officially endorsing the Organization's programme of work in the country.

7. The documents of **subregional** programming draw upon the regional and subregional bodies (Caribbean Community, CARICOM; Southern Common Market, MERCOSUR; Andean Community, CAN; Central American Integration System, SICA; Union of South American Nations, UNASUR; etc.), acting as representative interlocutors of country groups, to define priority areas for FAO technical assistance in the subregion.

8. The **Regional Conference,** as part of the Organization's system of governance, provides an opportunity for broad discussion with countries to fine-tune the identification of priorities at **regional** level. This process permits a better allocation of scarce resources and greater operational effectiveness of the Organization at all levels of intervention.

9. Programming at **subregional** level seeks to direct FAO activities from this geographical perspective. It does not attempt to amalgamate priorities identified at national level but uses these to shape priorities emerging from the Regional Conference. In coherence with the SOs, the subregional priorities constitute a framework of action to bolster the Organization's work in the field at country level.

Subregional trends and outlook

Poverty, food insecurity and rural development

10. Apart from being closely interrelated, poverty and food insecurity are both the cause and the result of other social factors and indicators, including indices of health, family income and level of education. In Central America, examination of these variables indicates that the subregion is operating on two levels in its development objectives: i) indicators for Costa Rica and Panama are generally higher than the Latin American average; ii) data for Belize, El Salvador, Guatemala, Honduras and Nicaragua are not only below the continental average but in some cases, such as chronic undernutrition (Guatemala) or poverty (Honduras and Nicaragua), are the lowest indices for Latin America, exceeded only by Haiti.

11. Comparative analysis of poverty and food insecurity between Central America and the rest of the continent indicates two similarities (problem of access to food and very slow alleviation of the problem) and three characteristics that are specific to the subregion: growing dependency on imports, a problem that is above all rural, and inadequate coverage in terms of water and sanitation.

12. The trend for undernutrition figures in the last 15 years presents a contrasting picture: data for El Salvador, Guatemala, Honduras, Nicaragua and Panama indicate a percentage of undernourished people that fell from 20 percent in 1990-92 to 15 percent in 2003-05, but absolute numbers in the five countries that only fell from 5.4 to 5.1 million people during the same period.

13. These five million inhabitants live in a context of ample supply and variety of foodstuffs on urban markets, though less so on rural markets. In both cases, the problem is one of economic access to food for a large proportion of the population, given that, with the exception of Belize for which no figures are available, *per capita* food supply in all cases is higher than the recommended 2 200 kilocalories per day.

14. This supply of food in Central America needs to be qualified, in the sense that there is a growing dependency on imports, as was recognized by the Ministers of Agriculture of Central America meeting in Belize in April 2007. In the case of maize, for example, 5.6 million tonnes were consumed in 2006, but the region only produced 2.8 million tonnes.

15. The second subregional characteristic is that, with the exception of Costa Rica, hunger and poverty largely effect the rural population. While in Costa Rica 20 percent of the population living under the poverty threshold are rural, the corresponding percentages for Guatemala, El Salvador, Nicaragua and Honduras exceed 50 percent and in the case of Honduras reach 78.8 percent.

16. It should be noted that, while food insecurity in Central America is largely due to difficulty of access to food, we also need to consider the impact of other risk factors that mainly affect extremely poor households: housing sanitary conditions, access to adequate water and sanitation services, health care, understanding of hygiene in food handling and dietary habits, among others.

17. These serious problems persist despite the increased social spending in countries, the efforts of international aid and the impetus of international trade under the new development model and initiatives for subregional integration. Political and institutional action is therefore needed to ensure food security, applying an integrated approach and preferably with an emphasis on the rural sector. Effective actions with small rural landowners and farmers would help to address three fundamental problems of Central America: rural poverty, food supply and environmental protection.

18. Finally, the general agrifood sector in the Central American isthmus is noteworthy on account of its contribution to GDP. In 2006, this varied between 7 percent in Panama and 18 percent in Nicaragua, with Honduras and Guatemala at around 14 percent, El Salvador at 9.5 percent and Costa Rica at 8 percent. However, estimates covering the entire production chain point to a much higher contribution (as much as 32 percent in Costa Rica and 30 percent in Nicaragua). In addition, agriculture in recent years has had higher growth than total GDP in El Salvador and Nicaragua, and has also shown a positive trend in the last biennium, with the sole exception of Costa Rica.

Crops

19. Crop production in Central America can be divided into three categories: staples (maize, bean, rice and sorghum), traditional export crops (coffee, banana and sugar) and, in the last 30 years, non-traditional export crops (melon, pineapple and other fresh fruits and vegetables). There are also three types of producer: small producers (mainly growing staples), large producers and corporations (growing mostly banana, sugar and export fruits) and medium-size entrepreneurial producers (who grow coffee, work as contract producers for sugar and banana and are now also taking up non-traditional export crops).

20. Between 1990 and 2005, the land area given over to staple crops (maize, bean and sorghum) remained virtually the same, at approximately 13 million hectares, while the area given over to fruits and vegetables increased by more than 50 percent (from approximately 1.6 to 2.5 million hectares). (FAOSTAT).

21. Crop productivity in Central America is low for staples (e.g. average maize yield in Central America is less than 70 percent of yield in South America), while yields for certain export crops are the same as or above those of other regions of the world (e.g. yield for sugarcane in Central America is very similar to that of other regions while pineapple exceeds the yield of other regions) (FAOSTAT).

22. However, even when Central American crops are competitive in terms of productivity, very often they are not competitive on international markets because of sanitary and quality problems. Central American produce is often rejected on international markets because of microbial or pesticide contamination. And regional markets are becoming increasingly demanding, especially with the surge of supermarkets in Central America.

23. The main challenges for Central American crop production can be summarized as follows: intensifying production to use scarce resources; raising product safety and quality to be more competitive; and maintaining the production base of soil, water and biodiversity. Also the benefits of more competitive crop production must extend to rural families and communities, where much of the subregional poverty exists.

24. Meeting these challenges requires incentives for market innovation, investment and integration and the development of appropriate institutions and policies. Institutional capacity and human capital needs to be modernized and strengthened, and small farmers and their communities need to be supported to prepare them for the short term (training, producer associations, etc.) and for the long term (improvement in education and infrastructure) so that they can seize opportunities. FAO has a special role to play in strengthening phytosanitary systems and in supporting the management of genetic resources and of soil and water.

Soil and water

25. One of the main problems affecting agricultural production and productivity in Central America is the advanced state of deterioration of its natural resources, especially land degradation and loss of soil fertility in hillside areas, as well as contamination and inadequate management of water resources.

26. It is estimated that 37 percent of the loss in agricultural productivity in Central America is due to soil degradation. A proportion of 32 percent of total land use (agricultural soil, pasture and forest) in the region is under degradation, rising to 74 percent in the specific case of agricultural land (Special Programme for Food Security, SPFS 2008), causing losses in agricultural productivity of about 37 percent. (UNEP-ISRIC[2], 1991).

27. Among the main causes of soil degradation in Latin America are erosion (82 percent of total affected area) and chemical degradation (11 percent of affected land). While in South America erosion is basically caused by deforestation and overgrazing, the main cause of soil degradation in Central America is inadequate management of agricultural land, characterized by steep slopes, heavy rains and deficient agricultural practices. In addition, the serious inequality of land distribution associated with insecure tenure is leading to overexploitation of resources for short-term gain. Sustainable land management systems together with approaches, measures and practices for sustainable use and management of soil fertility and water are being developed to save and rehabilitate degraded lands. Information systems are being developed on land resources in support of land-use planning and policies.

[2] United Nations Environment Programme – *World Soil Information Database*

28. The subregion has 23 international catchment basins, accounting for 40 percent of the Central American territory. Although the subregion has an abundant supply of water because of its climatic and geographical characteristics, this resource can also be very vulnerable. The main challenges are to harness water and make better use of it, but especially to reduce the impact of human settlements and of industry and agriculture on basins and sources and avoid "downstream" contamination. At the same time, water availability and distribution is not uniform because of multiple climatic and geographical factors. As only 6 percent of cultivated land in Central America is irrigated, there is great potential for expansion of irrigation, promoting mainly low-cost construction works, small irrigation schemes and precision micro-irrigation systems and building small inexpensive water reservoirs. Integrated watershed management is being promoted for the management of water resources, with the formulation of management plans and support to water management bodies.

Livestock

29. Central American livestock production is the primary activity occupying the largest land area after forests. The expansion of cattle ranching has clearly been a determining factor in the extension of the agricultural frontier at the expense of forest. Productivity and efficiency gains have been limited, especially in Guatemala and Honduras, a situation that is compounded by degraded pasture and conversion of rangeland to other purposes. One widespread problem is the shortage of fodder in the dry season. Against such a backdrop, meat production only rose marginally at 1 percent per year from 1994 to 2007. Milk and dairy products have done better at an annual 4 percent but the subregion continues to be dependent on imports.

30. The small livestock sector, including pigs and poultry, has maintained growth of between 4 and 5 percent which, together with milk, is slightly more than population growth. Small livestock contribute to food and nutritional security because most species are found on small family farms and provide high-quality food to the poorer segments of the population. Meanwhile, commercial poultry farms largely supply urban markets, although increasingly reaching into rural areas. Overall, livestock production has grown at 3 percent. Total per capita meat consumption in 2003 was 30 kg, including 16 kg poultry meat, 8.8 kg beef, 3.8 kg pigmeat and 1.5 kg other types of meat. Country differences in total meat consumption vary between 18 and 54 kg per capita.

31. Restrictions to livestock development are both internal and external. External restrictions include a slow pace of technology development, vulnerability to disease and parasites, and low capitalization. In addition, the state of economic development has not permitted a general increase in domestic demand. The price crises of 2007-2008 and the financial crisis of 2008-2009 in fact caused a slowdown in growth. There are however significant differences between countries, with El Salvador, Honduras and Nicaragua posting higher levels of growth than the subregional average and Costa Rica, Guatemala and Panama growing below the average.

32. With regard to trade in animal-based products, Central America is a net importer, with Costa Rica and Nicaragua the only net exporters. Intra-subregional trade accounts for 89 percent of the value of imports and 43 percent of the value of exports. The main export market is the United States which receives 53 percent of the total. There is still considerable intraregional trade in live cattle, without value added, and considerable disparity in tariff policy. Customs tariffs on meats vary between 15 and 30 percent, and between 15 and 65 percent for dairy products.

33. One major challenge and at the same time an opportunity for the cattle farming sector lies in the development and application of intensification technologies, which will also serve to reduce environmental impact, such as silvipastoralism and semi-confined cattle raising. Growth in the pig and poultry subsectors, like dairy production, require greater application of quality and sanitary control standards. Industrialization and distribution channels need to be improved to provide the intra- and extra-subregional export markets with more and better processed products.

Forest resources

34. Central America has a total land area of 52.16 million hectares of which 22.41 million are covered in forest. The figures from FAO's Forest Resources Assessment Programme (F2005) indicate a 1.23 percent rate of reduction of forest area for the period 2000-2005. Industrial timber production amounted to 3.4 million cubic metres in 2005 and total exports were valued at 118 million US dollars (FAOSTAT).

35. After decades of public policies emphasizing forest conservation and raising public awareness, which produced notable results, the countries of Central America are now discussing and assessing opportunities and the need to develop the economic use of land and production forests. This trend is inspired by the successes of Southern Cone countries, growing subregional demand for timber products and availability of land suitable for reforestation and afforestation, together with appropriate ecological conditions for rapid growth species. The current global financial crisis, with its negative impact on funds for foreign direct investment and the economic deceleration taking place in the countries of Central America has not impacted negatively on this trend. Such a situation offers opportunities for long-term investments seeking refuge from wildly fluctuating global markets and, on the subregional level, permits the creation of employment with a high ratio of jobs created to dollar invested.

36. The increasingly accepted principle of payment for carbon capture through reforestation-afforestation (CDM), the creation of a global fund for the reduction of emissions from deforestation and forest degradation (REDD) and discussions on the possibility of similar payment for averted deforestation will, in the next two years, lead countries to examine the quantification and social distribution of any payments received. Such discussion brings to the fore the issue of rights and participation of indigenous populations.

37. The challenges facing the subsector concern capacity of measurement and monitoring (inventories) of forest resources including biomass, determination of benchmarks, reduction of costs in generating information, routine reports, common methodologies, compatible databases, subregional standardization of measured units and the constant need for capacity of policy analysis and programme formulation. Another area in which the strengthening of government agency capacity is required is in the ability and institutional framework to produce quality environmental impact studies to steer decisions on public programmes and policies.

Fisheries and aquaculture

38. As in other regions of the world, fisheries and aquaculture in Central America have experienced very similar behaviour patterns, with intensive overexploitation of high-value fishery resources that has jeopardized stocks. this has been the case with shrimp and high-value species such as corvina (white sea bass). Aquaculture has grown rapidly in the last twenty years, both industrially and on the small-scale rural level. In 2005 it accounted for 10 percent of the subregion's fishery production, with 76 517 tonnes.

39. With regard to fisheries, the leading producer is Panama with 270 643 tonnes, followed by Costa Rica with 61 788 tonnes and El Salvador with 25 851 tonnes. With regard to aquaculture, Honduras occupies first place with 20 000 tonnes, followed by Costa Rica with 17 742 tonnes, Panama with 11 463 tonnes and Belize with 11 045 tonnes.

40. The situation for highly migratory marine species, such as shark, tuna, dorado, marlin and sailfish, represents a major challenge for countries, given that these species are intensively fished without regulation and without management, which is seriously affecting some species, notably sharks. Given the threat that longline fishing represents for countries, a regional effort must be made to ensure the future sustainability of these fisheries.

41. One of the major problems facing fisheries and aquaculture in the countries of Central America is the absence of a common policy regime to effectively regulate the future development of these activities. The situation is compounded by the absence of biological research for fisheries

and aquaculture which is essential for fishery resource management on the one hand and for the development of environmentally sustainable aquaculture on the other. Production of more coastal resources must be maintained at least at current levels, while research is intensified into fish fry production for restocking and management programmes.

42. Rural aquaculture still has great potential but existing inadequacies in training, organization and markets need to be rectified. In this regard, the institutional markets of each country could be an excellent alternative for ensuring market sales that will generate highest possible incomes for producer associations.

Climate change and bioenergy

43. In spite of the measures that countries have taken to mitigate the impacts of climate change, the reality is that Central America is one of the world's most exposed subregions. This has been evidenced by increasingly serious flooding in Belize, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, and the more violent hurricanes that have hit all countries in recent years, though to a lesser degree Costa Rica and Panama. The International Panel on Climate Change (IPCC) considers these changes and the increase in average temperatures to be statistically significant.

44. The increasing likelihood of disastrous events and the scale of related damage call for preventive actions to reduce vulnerability to catastrophic scenarios. The impact will depend on the capacity of adaptation of each sector and on specific investments to improve capacity of response to unusual events. Several countries have developed national systems of disaster awareness, prevention and management, involving institutions associated with risk management and disaster response. Under the present situation, disaster risk management (DRM) in the subregion has generally been directed towards urban populations and living conditions, water and sanitation, health and infrastructure, while little has been done to develop and implement programmes to strengthen DRM in the rural agricultural sector, despite the huge social and economic impacts of disasters on agriculture and rural livelihoods. However, experiences have been developed and systematically applied in Honduras with the use of agroforestry systems in integrated risk management (Quesungual agroforestry system).

45. With regard to bioenergy, this can represent an opportunity to generate income, employment and economic growth in the Central American agricultural sector. Besides representing a priority strategy to reduce the region's energy vulnerability, there are clear comparative environmental benefits that need to be considered.

46. This is a controversial topic and the subregion's Ministries of Agriculture and Energy should embark on a study of related issues and matters that need to be clarified and analysed to facilitate decision-making on agroenergy and biofuel policy. One aspect that the needs to be defined is the energy balance of biofuels derived from traditional crops and new varieties, i.e. how much fossil fuel (oil) is consumed to produce one unit of biofuel. There is also a need to identify plant species that are not present in the subregion but that appear to be promising, and to test their possible adaptation to the soil and climatic conditions of the subregion.

47. The study should also look into the availability and current use of soil, irrigation, labour and production techniques at subregional and national level in order to anticipate possible competition between foodstuffs, agroexports and biofuels. There is also a need for analysis and comparison of the economic efficiency and environmental cleanliness of different technologies available on the international market to process biofuels, in order to justify their procurement. The experience of countries already engaged in the use of biofuels should be examined, considering both positive and negative implications. In this connection, we should look much more closely at events in leading biofuel countries, including Brazil, United States, Europe, and Canada.

Challenges and priorities

Prioritization process

48. On the basis of the above state of agriculture, livestock, forests and fishery resources in the subregion, we now look at the main challenges and identify priorities and programme areas for FAO intervention, together with expected outcomes for the end of 2012.

49. The identification of FAO subregional programme areas for Central America began with a consultation of all Representations in the subregion in January 2009, involving the analysis with national authorities of each Strategic Objective (SO) and Organizational Result (OR) and determining its relevance to each country. The most common priorities were then identified to determine the SOs and ORs of greatest relevance to the subregion as a whole.

50. A synthesis of national priorities provided a preliminary overview of technical cooperation requirements in the subregion. The strategies of regional integration bodies involved in FAO's field of action and the priorities established at the last Regional Conference (April 2008) were also considered. This provided key ingredients for the FAO subregional multidisciplinary team workshops that were held in Panama in March and December 2009, with all officers of the Subregional Office and the Representatives and Programme Assistants of the six countries.

51. These two workshops identified six main challenges that were to guide FAO's work in the subregion:

1) *Low profitability in the context of the price crisis*. The hike in food prices in 2008 led to a corresponding increase in price of inputs, but the subsequent partial decline in agricultural prices in 2009 was not reflected in the price of inputs, which eroded profitability and had consequent implications for the economic viability of many products and of the weaker or more vulnerable producers.

2) *Inadequate levels of competitiveness.* Given low average yields in the subregion and high transaction costs, Central America has a problem of competitiveness which prevents access to international markets and makes it difficult to reduce food imports.

3) *Unemployment and poverty*. The indicators of poverty and unemployment were outlined earlier as was their worrying exacerbation.

4) *Insufficient access to food.*. This challenge was also detailed earlier so the only need here is to mention the programmes that tackle this challenge in the subregion.

5) Deterioration of natural resources. *Vulnerability*.

6) *Regional integration*. For many years Central America has been building a mechanism of integration through bodies operating under the Central American Integration System (SICA), but efforts still fall short of levels required to successfully foster agricultural development and food security in the subregion. FAO could provide significant assistance to the process of integration in its fields of action, supporting the technical and institutional reinforcement of corresponding subregional bodies.

52. Analysis of the challenges that face the subregion and consideration of the priorities established by its Ministers of Agriculture under the Central American Agricultural Council (CAC) highlight three priorities that should guide FAO activities in the subregion in the next years:

1) Family farming as the foundation for rural development, food security and poverty reduction.

2) Technical strengthening of plant and animal health and transboundary agricultural trade to foster regional integration.

3) Management and conservation of natural resources and the environment.

53. With this in mind, the subregional multidisciplinary team has proposed five programme areas related to the Organizational Results considered most relevant, urgent and feasible for the subregion.

54. Annex 1 presents the matrix “Relevance of Organizational Results to Countries and the Subregion, SLM" which reflects the relevance (high, medium, low) of the SOs and ORs to each country.

Priorities, programme areas and organizational results

55. Table 1 presents the linkages between the three priorities defined to help the subregion meet its challenges, the programme areas on which to focus interventions and the organizational results expected at the end of the biennium.

Table 1. Linkages between priorities, programme areas and organizational results

Priorities	Programme Areas	Organizational Results
1- Family farming as the foundation for rural development, food security and poverty reduction	1.1 Promoting an increase in agricultural and fisheries production.	• National and regional capacities are strengthened to make more effective and strategic decisions in order to increase crop production (A1) • Biodiversity conservation policies and strategies are applied to manage plant genetic resources and seed production systems (A4) • The livestock sector contributes to food security, protection of livelihoods and rural development (B1) • Member countries and other stakeholders have improved the formulation of policies and standards that facilitate implementation of the Code of Conduct for Responsible Fisheries and other international instruments, as well as response to emerging issues (C1)
	1.2. Contributing to progress of the Central American countries in achieving Goal 2 of the MDGs: To halve, between 1990 and 2015, the proportion of people who suffer from hunger.	Member countries, development partners and other stakeholders have access to information, analysis and lessons learned to improve food security and nutrition (H1)
2- Technical strengthening of plant and animal health and transboundary trade to facilitate regional integration	2.1 Improving plant and animal health and food safety 2.2 Strengthening greater competitiveness of production and rural, crop, livestock, forest, fishery and aquaculture enterprises, especially of small producers.	• Risks of outbreak of transboundary pests and diseases are sustainably reduced at national, regional and global levels (A2) • Increased capacity to analyse changes in the international trade environment and in trade opportunities creates an enabling policy and institutional framework for agricultural producers and agro-enterprises (G4)
3. Management and conservation of natural resources and the environment	3. Enhancing the sustainable management of natural resources and risk management in Central America.	• Countries have improved capacity to cope with water scarcity and enhance water productivity in their agricultural systems at national and in their river basins (including transboundary water bodies) (F2) • Policy and practice affecting forests and forestry are based on timely and reliable information / are strengthened through cooperation and discussion at international level (E1) • Social and economic values and livelihood benefits of forests and trees are enhanced, and markets for forest products and services contribute to making forestry an economically viable land-use option (E5) • Sustainable management of forests and trees is more broadly adopted, leading to reductions in deforestation and forest degradation and to increased contributions of forests and trees to the improvement of livelihoods and the mitigation of climate change (E4)

Contribution to priorities agreed by the Central American Agricultural Council (CAC)

56. The Central American Agricultural Policy (PACA) and the priorities established by the CAC, as relevant institutional body within the Central American Integration System (SICA), have been a central in the formulation of the subregional programme of work 2010-11 and constitute the frame of reference for collaboration and support to the subregional institution.

57. The Subregional Office and its multidisciplinary team maintain close ties of collaboration and consultation with the Executive Secretariat of the CAC, which has served to develop joint activities in a number of fields, either through FAO Technical Cooperation Programme (TCP) projects or through technical support provided by the subregional multidisciplinary team.

58. The programme of work for the biennium corresponds to the CAC priorities established in the PACA, in particular the "Competitiveness and Agribusiness Thrust" and its three cross-cutting themes. Of the 19 regional measures proposed for this thrust, FAO products and services will focus on supporting the delivery of measures relating to improved plant and animal health and food safety in order to benefit trade and human health. Also under this thrust is FAO's ongoing contribution to the measure for the development of coordination mechanisms and regional actions to deal with exceptional situations that impact on agricultural commodity markets. Important in this connection is the close collaboration that exists on the recently initiated project on seed production for family farming and the studies on projections and consequences of El Niño for agriculture and food security in the subregion and on the basic grain storage and processing capacities of the Central American countries.

59. Another area where the FAO subregional programme ties in with PACA and one of its cross-cutting themes is support to and development of family farming and the entrepreneurial capacity of small farmers, which is essential for energizing the rural economy and food security. Most of the programmes implemented by FAO with the governments of the subregion have the same focus and the Organization can also contribute technically to the implementation of the Central American Strategy for Territorial Rural Development (ECADERT) that was recently promoted by the CAC.

60. With regard to the cross-cutting theme of agro-environmental management, FAO possesses broad field and institutional experience in Central America, with a good number of projects currently under way. Knowledge gained from its work on hillside family farming (through the Special Programme for Food Security, for example) and from the sustainable management of soil and water, is helping provide technical inputs to the development of the Agro-environmental and Health Regional Strategy (ERAS) promoted by CAC together with other bodies affiliated to the SICA.

61. Finally, with regard to the cross-cutting theme of institutional development, the subregional programme of work aims to have gradually make food security the principal point of reference of agricultural policy. This will require a strengthening of its collaboration with and support to subregional bodies and support to national institutional initiatives aimed at bolstering the agricultural sector in order to prioritize food security in national public policies.