

2018

COVERVIEW OF RURAL POVERTY IN LATIN AMERICA AND THE CARIBBEAN

SOLUTIONS FOR ELIMINATING RURAL POVERTY IN THE 21st CENTURY

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FOREWORD

Overview of Rural Poverty in Latin America and the Caribbean 2018, published by the Food and Agriculture Organization of the United Nations (FAO), addresses the important challenges faced by the region in developing its rural territories to achieve the targets of the Sustainable Development Goals by 2030, particularly SDG 1 to end poverty in all its forms everywhere.

After many years of progress, poverty and extreme rural poverty in the region have started to increase again. This is worrying news for countries of the region and the international community because, if they do not return to the path of rural poverty reduction, millions of people will be excluded from the opportunity to contribute to the development of their families, communities and countries. The 33 Member States of the United Nations in the region have pledged their commitment to eradicating rural poverty by 2030 and, despite the recent trend, it is still possible to achieve this goal.

This report also highlights the persistence of significant gaps between rural and urban areas, which is incompatible with sustainable and equitable development. Of the 169 targets of the Sustainable Development Goals, 132 require actions that must be carried out in rural territories.

The elimination of poverty in rural territories is also needed to help countries address other social issues. For example, various social problems facing countries of the region —in-

cluding irregular and insecure migration from rural territories, food insecurity and malnutrition, loss of bio-diversity, environmental vulnerability and violence and insecurity—can be solved much more easily in prosperous and socially cohesive rural territories.

However, despite this worrying outlook for Latin America and the Caribbean, there is reason to be optimistic — at the global level, Latin American and Caribbean countries have been pioneers in many of the policy innovations that made it possible to reduce rural poverty during the last two decades. In other words, we know what needs to be done and how to do it so we do not have to start from scratch. In this first edition of the *Overview of Rural Poverty in Latin America and the Caribbean*, FAO, in addition to highlighting the main lessons learned in past decades, proposes five areas of action to facilitate a renewed public policy cycle aimed at eliminating rural poverty in the region and changing the living conditions and destiny of millions of rural inhabitants.

Ending rural poverty requires commitment and action by a broad set of local, national and international actors. Achieving positive results requires adequate and inclusive mechanisms of local and national governance, the development of a new rural poverty narrative, and the effective and coordinated action of all actors involved. FAO will continue to provide its technical expertise to countries of the region and help to facilitate dialogue in order to contribute to meeting this important challenge.

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ACRONYMS AND ABBREVIATIONS

ATER	Rural Extension and Technical Assistance	INDAP	Institute for Agricultural Development, Chile				
BADEHOG	Household Surveys Database, ECLAC	IVACC					
BSM	Brazil Without Poverty	IVACC	Climate Change Vulnerability Index, Dominican Republic				
CARICOM	Caribbean Community	JUNAEB	National Board for Student Aid and Scholarships, Chile				
CCTs	Conditional cash transfer programmes	LAC	Latin America and the Caribbean				
CELAC	Community of Latin America and Caribbean States	MERCOSUR	Southern Common Market				
CFD	Center for Development Finance	MIDIS	Ministry of Development and Social Inclusion, Peru				
CONTAG	Confederação Nacional dos Trabalhadores Rurais Agricultores e Agricultoras Familiares	MPI	Multidimensional Poverty Index				
EAP	Economically Active Population	NARE	Non-Agricultural Rural Employment				
ECLAC	Economic Commission for Latin America and the CaribbeanFamiliares	OAS	Organisation of American States				
EAO		PAA	Food Purchase Program, Brazil				
FAO	Food and Agriculture Organisation of the United Nations	PES	Payment for Environmental Services				
FIES	Food Insecurity Experience Scale	PESA	Special Programme for Food Security				
FNS	Food and Nutritional Security	PNAE	National School Feeding Program				
GDP	Gross Domestic Product	PROEZA	Poverty, Reforestation, Energy and Climate				
GEF	Global Environmental Fund		Change Project of the Green Climate Fund, Paraguay				
ICTs	Information and Communication Technologies	PRONAE4x4	National Employment Program, Costa Rica				
IDB	Inter-American Develpment Bank	PROSOLI	Progressing with Solidarity Program, Dominican Republic				
IFAD	International Fund for Agricultural Development	REAF	Reunión Especializada sobre Agricultura Familiar del Mercado Común del Sur				
IICA	Inter-American Institute for Agricultural Cooperation	REDPA	Red de Coordinación de Políticas				
ILO	International Labour Organisation		Agropecuarias, Consejo Agropecuario del Sur				
INCRA	National Institute of Colonization and Agrarian Reform, Brazil	RIMISP	Latin American Center for Rural Development				

ACRONYMS AND ABBREVIATIONS

RTD	Rural Territorial Development	SNRA	National Agrarian Reform Service, Bolivia
SDG	Sustainable Development Goals	SPU	Secretariat of National Heritage, Brazil
SEAF	Family Farming Insurance Program, Brazil	TTES	Technology Transfer and Extension Services
SENA	National Learning Program, Colombia	UN	United Nations
SICA	Central American Integration System	UNDP	United Nations Development Program
SISBEN	System for the Selection of Beneficiaries of	UNEP	UN Environment
	Social Programs, Colombia	UNICEF	United Nations Children Fund
SISFO	Social Welfare Targeting System, Peru	UNIFEM	United Nations Development Fund for Women
SIUBEN	Sistema Único de Beneficiarios, Dominican Republic	UNODC	United Nations Office on Drugs and Crime
SMEs	Small and Medium-Sized Businesses	WFP	World Food Programme

INTRODUCTION

Since 1990, the region of Latin America and the Caribbean has shown a positive trend in the reduction of monetary poverty, including a decrease in the percentage of citizens whose limited consumption capacity makes them unable to afford a basic basket of food and essential services to support a minimum level of subsistence.

Both rural and urban poverty have decreased significantly in the last 25 years.

Despite this progress, poverty in rural territories remains alarmingly high. According to ECLAC estimates (2018), in 2016 the percentage of the population living in rural poverty and extreme rural poverty in the region reached 48.6% and 22.5%, respectively¹. Although these figures demonstrate the important advances that the region has achieved since the 1990s —when rural poverty exceeded 65% and extreme poverty was over 40%— they remain unacceptably high.

Moreover, since 2012, rates of rural poverty and extreme rural poverty rates have tended to stagnate, and have even started to increase in some countries. They also remain much higher than urban poverty and extreme poverty rates, which reached 26.8% and 7.2%, respectively, in 2016.

Although rural territories were home to only 18% of the population in Latin America and the Caribbean in 2016, they represented 29% of the total population living in poverty and 41% in extreme poverty (ECLAC, 2018). This means that although the rural population does not exceed one fifth of the total population, there is a disproportionate

number of people living in poverty and extreme poverty in rural territories.

This imbalance between the urban and rural sectors is not a recent phenomenon². In fact, following the "lost decade" of the 1980s in Latin America, rates of rural and urban poverty only returned to pre-crisis levels in 2006. Later, the period 1990-2014 in Latin America saw an unexpected cycle of high growth rates and abundant fiscal resources generated by the *commodities boom*, but the gap between the urban and rural sectors hardly changed. This pattern is present not only in terms of total poverty, but also in rates of extreme poverty³.

This geographic inequality is apparent not only in periods of crisis, but also during economic booms. A recent example is the *commodities boom* at the beginning of the 21st Century, which allowed the economies of Latin America and the Caribbean to increase their exports to emerging powers such as China. Exports were led by minerals, hydrocarbons and agricultural products⁴ extracted and produced, to a large extent, in rural territories. However, this auspicious context in geographical terms —given the origin of the goods that drove economic growth— was not sufficiently exploited to close the gaps that persist in rural territories of Latin American and Caribbean countries.

¹ In the study cited, a monetary measurement of poverty is used. This report uses, among others, the poverty estimates calculated by ECLAC, which include the official estimates of each country. However, it is important to note that this report also uses other poverty indicators, such as the Multidimensional Poverty Index, to analyse the situation of poverty in the region.

² The concept of urban-rural imbalance refers to the difference between the percentages of urban poverty and rural poverty.

³ At the international level, total poverty is defined as the proportion of the population whose incomes are lower than the value of a basic basket of agricultural and non-agricultural goods and services. However, extreme poverty, or indigence, is a more precarious condition in which resources are not available to satisfy basic demands for food (UN, 2010).

⁴ In this document, the use of the terms "agriculture" or "agricultural" includes farming, fishing, livestock and forestry activities.

INTRODUCTION

In the current context, aside from the conclusion that rates of rural poverty are still very high and much higher than those of urban poverty, there are two facts that should trigger the alarms of States in terms of the need to pay more attention to rural poverty.

The first is related to the lower economic growth expectations for the region. It is well known that the region's social indicators are highly dependent on the economic cycle; in fact, during the recent years of economic contraction and deceleration, poverty not only increased, but became more extreme, while a portion of the non-indigent poor became indigent.

The second fact has to do with the context of greater fiscal restrictions facing the region as a result of lower growth. If the goal is for economic growth to benefit traditionally excluded sectors, such as rural populations, a long-term perspective is needed at the highest political level to ensure that redistributive policies do not depend only on the availability of fiscal resources and political cycles to accelerate the reduction of rural poverty, including pockets of hard-core poverty.

Therefore, in this scenario of lower rates of economic growth and greater limits on public finances, it is important to analyse which factors have historically promoted the reduction of rural poverty and give a new impetus to policies that facilitate this objective. Considering these facts, FAO considers it to be of utmost importance that the States of Latin America and the Caribbean pay greater attention to meeting this challenge and getting back on the road towards the elimination of rural poverty.

If States fail to act, however, the region faces severe risks. One is that the stagnation in the reduction of rural poverty rates could become more widespread and severe in countries of Latin America and the Caribbean.

In this regard, it is worth pointing out that even those rural populations that have managed to overcome poverty thresholds in recent years have not necessarily achieved economic and social security. Currently, there are about 200 million people in the region who although not living in poverty are still highly vulnerable (Birdsall, Lustig and Meyer, 2014). It should be noted that this figure represents almost a third of the total population. Therefore, without effective social protection measures, or in the event of an economic crisis or natural disaster, this segment of the population could fall back into poverty.

A second risk is that urban-rural gaps could remain unchanged or even widen. This scenario is possible, especially considering the recent trend of greater fiscal austerity in countries of the region and their inability to take advantage of periods of higher economic growth to promote development among all households and productive units in rural territories. It is not acceptable that being born in a rural area of any country in the region is synonymous with greater development challenges. If the structural inequalities between rural and urban areas are not addressed, the narrative of equal opportunities runs the risk of becoming a myth.

Finally, a third risk is that inequalities between rural territories could persist. In practically all the countries of the region there are rural territories that are permanently excluded from the dynamics of economic growth, and where rural poverty reproduces intergenerationally and intraterritorially due to the large number of unmet basic needs, hunger and environmental vulnerability.

As a result, FAO calls on all actors involved in rural development and the fight against poverty to renew the public policy agenda aimed at the reduction of rural poverty. Without the participation of public and private agencies and civil society organizations, or the creation and strengthening of alliances aimed at expanding the scope of agreed

policy measures, the elimination of poverty will become an increasingly distant goal and it will be impossible to reach Sustainable Development Goal 1, which is to put an end to poverty in all its forms by 2030.

Therefore, it is essential to redouble our efforts and promote innovation in all those areas that contribute effectively to rural poverty reduction. The reasons are, above all, moral and humanitarian; today, millions of people in rural territories of the region live in situations of extreme precariousness. Poverty, however, is also a public problem that is interdependent with other problems (Dunn, 2004). In the specific case of rural poverty, its reduction through a Rural Territorial Development approach can reduce food insecurity at the regional level, migratory pressure on urban areas, social conflict and the degradation of ecosystems, as well as boosting the productive capacity and economic contribution of the rural poor.

The good news is that there are experiences of public policies implemented in the region that have been effective in helping to overcome poverty in rural territories. Thus, in addition to drawing attention to the urgent need for public action and the existing gaps between rural and urban areas, this report presents a set of policies that have contributed to the reduction of rural poverty through five lines of action: more efficient, sustainable and inclusive agricultural sectors; expanded social protection policies; sustainable management of natural resources and environmental protection; non-agricultural rural employment and infrastructure development.

With this report, FAO aims to launch a new cycle of public policies that will help to lift millions of people in rural territories across Latin America and the Caribbean out of poverty.



CHAPTER 1
THE EVOLUTION
OF RURAL
POVERTY IN
LATIN
AMERICA
AND THE
CARIBBEAN



THE EVOLUTION OF RURAL POVERTY IN LATIN AMERICA AND THE CARIBBEAN

KEY MESSAGES

- Between 1990 and 2014, the region of Latin America and the Caribbean experienced a successful cycle in poverty reduction. Rural monetary poverty decreased by almost 20 percentage points, from 65.2% to 46.7%, and extreme rural poverty from 40.1% to 20%. However, starting in 2012, a period of stagnation began in the eradication of monetary poverty and poverty has started to increase again in recent years.
- Between 2014 and 2016, rural poverty in the region started to increase again. Rural poverty increased from 46.7% to 48.6%, while extreme rural poverty increased from 20% to 22.5%. As a result, as of 2017, considering the size and distribution of the regional population, there were 59 million poor and 27 million extreme poor in rural territories of Latin America.
- Of the 16 countries in the region for which data is available, nine are not expected to reach SDG 1 in rural territories if they do not significantly accelerate their rate of poverty reduction⁵.
- The gap between urban and rural territories was only reduced slightly in the period 2014-2016, from 23.8% to 22.4%, which means that the mere fact of being born in a rural area in the region still implies lower opportunities for development.
- In most countries of the region, the rural population is mainly multidimensional poor, which is indicative of the deficient coverage of basic social services in rural territories. In addition, starting in 2012, there was a stagnation in the gap and severity of rural poverty and a slight increase in the gap and severity of extreme rural poverty.

This chapter summarizes the evolution of poverty and extreme poverty in rural territories of Latin America and the Caribbean since 1980. The evidence is overwhelming—after an extended period of sustained reduction of the rural poverty rate, the situation in the region today is one of stagnation and in some countries the rate has even begun to increase.

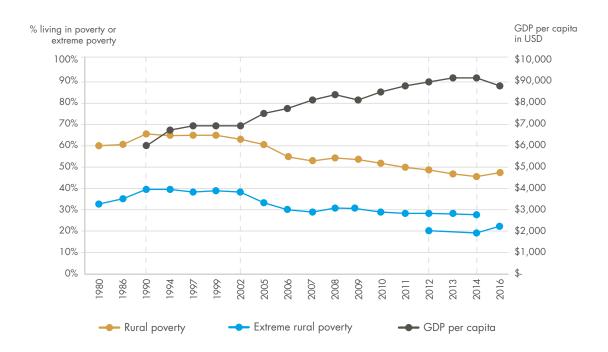
Between 1990 and 2014, the region experienced a successful cycle in poverty reduction, with rural monetary poverty reduced by 20 percentage points, from 65.2% to 46.7%, and rural extreme poverty from 40.1% to 20%. However, as of 2012, a period of stagnation began with rates of poverty and extreme poverty then starting to increase in 2014 (see Figure 1).

It should be noted that the level of stagnation is unacceptably high: 48.6% (as of 2016). In other words, one out of every two rural inhabitants is in a situation of poverty, and one in five go hungry (extreme monetary poverty, ECLAC 2018).

As discussed in this report, the situation is even more worrying when broader poverty indicators —such as multidimensional indictators— are incorporated into the analysis, or considering lagging rural territories where poverty rates are even higher.

⁵ Considering target 2 of SDG 1: "By 2030, reduce by at least half the proportion of men, women and children of all ages who live in poverty in all its dimensions according to national definitions", and taking into account the reduction rate of the last five years, the countries that would reach the goal in their rural territories by 2030 would be: Brazil, Chile, Colombia, Ecuador, Paraguay, Peru and The Oriental Republic of Uruguay. For their part, the countries that would not reach the goal would be Estado Plurinacional de Bolivia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama and the Dominican Republic.

FIGURE 1. EVOLUTION OF RURAL POVERTY, EXTREME RURAL POVERTY AND GDP PER CAPITA IN LATIN AMERICA AND THE CARIBBEAN (1980-2016)*



Source: Economic Commission for Latin America and the Caribbean (ECLAC), based on national household surveys and estimates. Household Surveys Database (BADEHOG) and *Social Panorama of Latin America* 2017 (ECLAC, 2018).

Note: Estimate based on 19 countries: Argentina, Oriental Republic of Uruguay, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Bolivarian Republic of Venezuela, Dominican Republic and The Oriental Republic of Uruguay.

* The ECLAC series of rural poverty and extreme poverty data is from 1980 to 2014. Subsequently, some methodological adjustments have been made in the estimation of rural poverty and the results for 2014 have been recalculated with the new methodology. Therefore, the series presents two estimates for 2012 and 2014 and a discontinuity in the series that reflects the methodological change. More information on this can be found in ECLAC (2018).

Plurinational State of Bolivia **Brazil Honduras** Mexico 100% 80% 90% 60% 50% 88% 80% 60% 86% 40% 60% 40% 84% 30% 57% 79% 71% 88% 40% 82% 20% 54% 20% 20% 29% 82% 80% 10% 0% 0% 78% 0% 1997 2013 2014 1990 2013 1989 2014 Chile Colombia Nicaragua **Panama** 50% 70% 100% 60% 60% 50% 40% 80% 50% 40% 60% 30% 40% 55% 30% 20% 39% 30% 61% 40% 83% 65% 20% 41% 20% 10% 20% 10% 10% 0% 0% 0% 1990 2013 1991 2014 1993 2009 2001 2014 Costa Rica **Ecuador Paraguay** Peru 30% 80% 80% 25% 60% 60% 60% 50% 20% 40% 15% 40% 40% 73% 66% 30% 27% 70% 10% 20% 51% 46% 20% 20% 5% 27% 0% 0% 0% 1990 2014 2014 2014 2014 El Salvador Guatemala República Dominicana Oriental Republic 70% 90% 60% of Uruguay 60% 80% 50% 50% 15% 70% 40% 40% 60% 30% 10% 30% 64% 78% 56% 44% 13% 49% 50% 20% 20% 5% 10% 40% 10% 2% 30% 0% 0%

FIGURE 2. CHANGES IN THE RURAL POVERTY RATE IN COUNTRIES OF LATIN AMERICA AND THE CARIBBEAN (DIFFERENT PERIODS)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), based on national household surveys and estimates. Household Surveys Database (BADEHOG).

1989

2014

2002

2014

The aggregate poverty rates at the regional level also hide significant differences in the evolution of rural poverty in recent years. Figure 2 shows the oldest available set of data before 2014 (when the methodology change was implemented by ECLAC). Although practically all countries show significant improvements, the magnitude of the change and levels of poverty continue to differ among countries. At the end of the period analyzed, at least five countries (Plurionational State of Bolivia, Guatemala, Honduras, Nicaragua and Paraguay) showed rural monetary poverty rates that exceeded 50%, while 11 countries exceeded 40%.

1995

2014

Throughout this section, rural poverty is shown with re-

spect to urban poverty⁶. The persistence of the gap between the urban and rural poverty rates is another of the topics highlighted in this chapter, and is summarized in Figure 3. The aim of drawing attention to this imbalance is to highlight the historical nature of the imbalances between geographical areas.

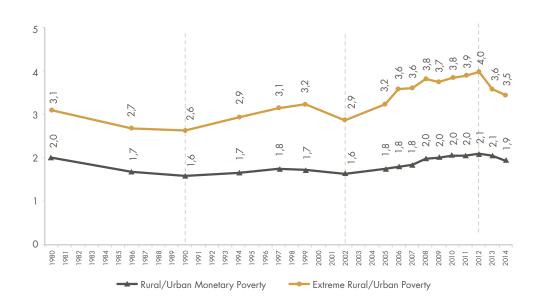
2007

2014

While there is a recurrent discussion in the region about the definition of "rural" (see Box 1 and Table 1), this report uses the existing definitions used by the countries.

 $^{^{6}}$ To understand the different definitions of urban and rural spaces, see Box 1.

FIGURE 3. RURAL-URBAN IMBALANCE IN MONETARY POVERTY AND EXTREME MONETARY POVERTY IN LATIN AMERICA AND THE CARIBBEAN® (1980-2014)



Source: Angulo, Solano and Tamayo (2018) based on ECLAC's Household Surveys Database (BADEHOG).

^a Estimate based on 19 countries (Argentina, Plurinational State of Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Bolivarian Republic of Venezuela, Dominican Republic and The Oriental Republic of Uruguay).

BOX 1. RURALITY AND THE "DE-RURALIZATION" OF LATIN AMERICA AND THE CARIBBEAN

In 2002, the rural population represented 23% of the total population of Latin America and the Caribbean. In 2016, the percentage had decreased to 18% (ECLAC, 2018). This process, by which the population is increasingly concentrated in urban areas, is called "urbanization" or "de-ruralization".

What is meant by "rural" and "urban"? There is no single answer, because the National Statistical Institutes of each country develop their own definitions according to demographic, geographical and administrative criteria. This heterogeneity in conceptualization generates problems for conducting comparative studies between countries, and there are even some countries that do not incorporate the traditional urban-rural differentiation in official statistics. However, the definition of "rural" usually incorporates variables related to the population, the spatial location and the availability of services.

Due to this diversity of criteria, Dirven (2011a) argues that it is more convenient to consider the relationship between "urban" and "rural" as a continuous space in which gradual changes can be observed, rather than as a dichotomous relationship.

Urban areas are usually defined as those territories with a population of over 2 000 inhabitants, administrative centers of municipalities or districts, or areas with greater access to services and basic infrastructure. In contrast, rural territories are defined, in most cases, as any territory that does not meet the conditions of an "urban" area¹; that is, a definition by omission.

In addition, the process of "urbanization" in the region is partially explained because emigration to cities remains an alternative for those born in rural territories. Therefore, the development of rural territories should be conceived as an objective in the national interest, since its success or failure will impact, inevitably, on the dynamics of Latin American cities. In the following table, the criteria used by the countries of the region to define urban and rural territories are presented. Some States use only one criteria, while others use a combination of different variables.

TABLE 1. OPERATIONAL CRITERIA FOR DEFINING URBAN-RURAL TERRITORIES IN LATIN AMERICA AND THE CARIBBEAN

Criteria	Countries
Population, using different thresholds	Argentina, Plurinational State of Bolivia, Mexico, Bolivarian Republic of Venezuela
Administrative area	Brazil, Haiti, Paraguay, Dominican Republic and The Oriental Republic of Uruguay
Population, access to infrastructure and services	Honduras and Panama
Population size, predominance or non- predominance of agricultural activities	Chile
Administrative area, access to infrastructure and services	Colombia and Costa Rica
Adminstrative area, population and number of houses	Peru
Administrative area, population and access to infrastructure and services	Cuba, Honduras and Guatemala

Sourcee: Dirven (2011a).

¹ The countries that appear as exceptions to the pattern of defining the "rural" as non-urban are Chile, Colombia and Peru.

TABLE 2. EVOLUTION OF RURAL POVERTY IN LATIN AMERICA AND THE CARIBBEAN (1980-2016)

	inge in rural verty rate in LAC	1980-1990	1990-2002	2002-2012	2012-2014	2014-2016		
Rural poverty Extreme rural poverty		From 59.8% to 65.2%	From 65.2% to 62.4%	From 62.4% to 48.7%	From 48.7% to 46.2% From 49.4% to 46.7% [NM]*	From 46.7% to 48.6% [NM]		
		From 32.7% to 40.1%	From 40.1% to 38.4%	From 38.4% to 28.2%	From 28.2% to 27.6% From 21.3% to 20.1% [NM]	From 20.1% to 22.5% [NM]		
	Rural-urban poverty gap	From 30.0pp to 23.8pp	From 23.8pp to 24.1pp	From 24.1pp to 25.6pp	From 25.6pp to 22.4pp From 24.9pp to 22.4p [NM]	From 22.4pp to 21.8p [NM]		
		Weakening of the "inward-looking de- velopment model".	Implementation of pro-market structural reforms.	Boom in prices of main export commodities.	Lower growth rates in China and deve- loped economies.	The international economic context has led to lower ra-		
		Migration from	Washington Concensus.	The financial crisis in 2008-2009	Social spending increased slightly	tes of GDP growth, lower employment		
Regional and international contexts		the city due to the precariousness of agriculture and the	Specialization in certain products	generates zero or negative growth.	in the region after the Great Recession (2008-2009), the	generation and lower household income.		
		deficient coverage of public services.	of the agricultural sector.	Focus on economic growth and the	slowdown in the Chinese economy	Expanded social policies, but no		
		High fiscal imbal- ances, excessive bu-	Financial crises in Asia and Brazil, Ar-	implementation and expansion of targe- ted social policies.	and the end of the commodities boom.	innovation (comfort zone).		
		reaucratization and open protectionism of the local industry.	gentina and Mexico negatively affect the region, but there is an increase in social spending.	"Turn to the left" of some countries in the region.		Several govern- ments of the region affected by corrup- tion scandals.		

Source: Prepared by the authors based on data from the Household Surveys Database (BADEHOG), ECLAC (2018).

Note: pp = percentage points; [NM] = new methodology for calculating poverty.

1. RURAL MONETARY POVERTY IN THE REGION SINCE 1980 TO THE PRESENT

In recent decades, the region of Latin America and the Caribbean has experienced positive and sustained results in the reduction of rural poverty. Between 1990 and 2014, there was a reduction in rural monetary poverty⁷ from 65.2% to 46.2% (see Table 2). However, between 2014 and

2016, rural poverty rates stopped falling and even increased by various orders of magnitude in some countries of the region⁸ due to the increase in national averages (see Table 2, final column). This new context means it is important to identify opportunities for resuming the path of sustained rural poverty reduction in the region.

The reduction in rural poverty before 2014 was achieved due to two key factors: economic growth and the implementation of sectoral and social policies focused on the

^{*} The data with acronym NM has been obtained using the new ECLAC methodology and is only comparable to other NM data.

⁷ With the exception of 1999, when there was a slight increase of 0.4 percentage points compared to 1997, as a result of internal and international economic crises. Source: ECLAC Household Surveys Database (BADEHOG)

⁸ Based on the regional estimate by ECLAC (2018). The new poverty series with information disaggregated for each country will soon be in the available in the ECLAC Database Portal and Statistical Publications (CEPALSTAT) at: http://estadisticasIndicadores.asp?idioma=i

most vulnerable territories, activities and populations that are excluded from market dynamics⁹.

According to ECLAC (2018), during the period 2002-2016, the growth effect had the greatest impact on poverty reduction through the increase in average incomes. This effect had an important impact in all countries where poverty was reduced by 1 percentage point or more per year, thus explaining 71% of the reduction in poverty observed in this period and an even higher percentage in Argentina, Chile, Colombia, Peru and the Bolivarian Republic of Venezuela. For its part, the distributive effect in this period explained approximately 30% of the reduction in poverty, with a greater impact in some countries such as the Plurinational State of Bolivia (close to 40%) and The Oriental Republic of Uruguay (around 50%).

However, during the period 2008-2016, which was marked by the deceleration of economic growth in the region, the distributive effect had a higher participation in poverty reduction in those countries where poverty rates fell the most, such as Colombia, The Plurinational State of Bolivia, Ecuador, El Salvador and The Oriental Republic of Uruguay (ECLAC, 2018).

In this regard, it is clear that even though the main driver of poverty reduction during periods of strong economic growth is the "growth effect", targeted social policies to increase incomes of the poorest households are essential to provide continuity and scale in poverty reduction efforts, as well as to avoid setbacks in periods of lower growth.

In the new millennium, poverty indicators have not returned to the high levels seen in the 20th century due to the considerable increase in Gross Domestic Product (GDP) per capita in the region, the magnitude of total social investment and social policies aimed at strengthening human capital and rural assets.

For example, in 1990, spending on education, health, security, social assistance and housing, among others, represented, on average, 9% of GDP in the region. In 2013, the figure was approximately 15% of GDP in countries with economies that are much more developed than 25 years ago (Tromben, 2016).

In the 21st century, there has been an increase in public spending on social programs, in particular conditional cash transfer programs (CCTs), especially during the first decade of the millennium. In 2015, approximately one fifth of the regional population benefitted from this type of program, or around 132 million people (Cecchini and Atuesta, 2017). Financing of CCTs represented 0.33% of GDP in Latin America and the Caribbean, a figures that, as will be seen in the next chapter, is below the peak reached in 2013.

It is important to note that the allocation of greater resources to social programs would not have been possible without higher rates of economic growth, and the consequently greater fiscal resources available to States of the region. This is another sign that policies that promote economic growth are important for overcoming poverty.

Another positive aspect is that the reduction of rural monetary poverty between 1990 and 2014 was greater than the decline in urban poverty. Rural poverty in the region fell by approximately 19 percentage points in the period, while urban poverty was reduced by 17.6 percentage points. In addition, in the same period extreme poverty in the rural sector was reduced by 12.5 percentage points, while extreme urban poverty fell by 7 percentage points. Even so, as shown in Figure 3, the gap between urban and rural poverty rates remains unacceptable and is far from closing.

A deeper analysis of the evolution of monetary poverty in Latin America and the Caribbean reveals certain indicators—including the gap and severity of monetary poverty—that should alarm States of the region.

The notion of a poverty gap refers to the intensity of poverty and indicates the percentage of the value of a basket of basic goods that poor households with average income cannot afford. For its part, the concept of the severity of poverty is related to income inequality in the rural population. The higher this figure, the lower the incomes of the poorest households compared to the average income of the total poor population.

According to ECLAC's Household Surveys Database, between 1997 and 2014 the gap and the severity of poverty in the countries of the region was always higher in rural territories than in urban areas. In other words, there has historically been more poverty in rural territories and greater inequality between the rural and urban poor (see Figures 4 and 5). In addition, although there is a long-term decreasing trend in both indicators, between 2012 and 2014 there was a stagnation in the gap and severity of rural poverty and a slight increase in the gap and severity of extreme rural poverty.

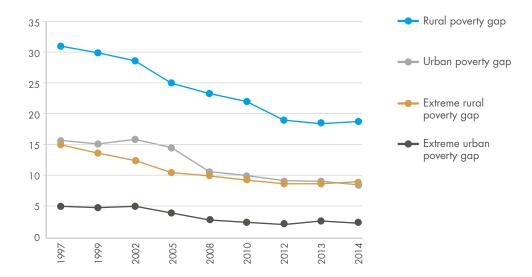
Considering the above, it is clear that living conditions for people in the poorest households, which are those facing the greatest difficulties to insert themselves in market dynamics or to access social programs, have worsened. Therefore, even though there was a reduction of poverty and rural monetary poverty in the period, its effects were not homogeneous.

If, in addition to monetary poverty indicators, criteria for measuring multidimensional poverty are included, which means those indicators related to access to basic public services, it is clear that, as of 2012, most of the rural population lived in poverty and that using this approach the gaps between rural and urban sectors are much more alarming.

Moreover, even though rural poverty has declined considerably in the 21st century, the distribution of income in Latin America and the Caribbean shows that almost 40% of the population is in a situation of vulnerability (Calvo-

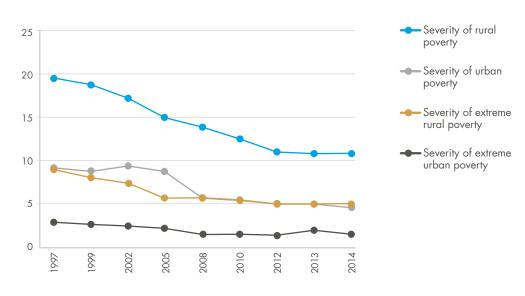
⁹ The rate and evolution of poverty can be expressed as the result of two major factors: (1) changes in income that affect all households in a generalized way ("growth effect") and (2) changes in income that affect households differently according to their location in the distribution of income through policies focused on the poor ("distributive effect") (ECLAC, 2018).

FIGURE 4. EVOLUTION OF THE RURAL POVERTY AND URBAN POVERTY GAP IN LATIN AMERICA AND THE CARIBBEAN (1997-2014)



Source: FAO, based on the ECLAC Household Surveys Database (BADEHOG).

FIGURE 5. EVOLUTION OF THE SEVERITY OF RURAL POVERTY AND URBAN POVERTY IN LATIN AMERICA AND THE CARIBBEAN (1997-2014)



Source: FAO, based on the ECLAC Household Surveys Database (BADEHOG).

González *et al.* 2017). These are the vulnerable non-poor households, an intermediate phase between the condition of poverty and the middle class, and which, in contexts of crisis, can lead to a situation of precariousness.

Finally, the deceleration in the rates of rural and urban

poverty reduction observed since 2014, and indeed the reversal seen since 2015, has raised the need for targeted actions by governments of the region to continue reducing poverty in order to eliminate rural-urban imbalances and prevent the most vulnerable population from falling back into poverty.

2. MULTIDIMENSIONAL POVERTY AND THE RURAL SECTOR IN LATIN AMERICA AND THE CARIBBEAN

As recognized on numerous occasions at the international level, monetary poverty indicators should be combined with other indicators that consider the complex and diverse realities facing people living in poverty (World Bank, 2018). Multidimensional approaches can be useful in this regard (Alkire, 2011; Alkire and Foster, 2011; Alkire et al., 2015). According to Bourguignon et al. (2010) and Alkire et al. (2015), income and nonmonetary deprivation do not follow the same pattern of decline even with increases in macroeconomic indicators, such as GDP per capita. The literature reviewed by these authors shows that measures of nonmonetary deprivation (health, education, mortality, employment, etc.) are complementary to income, and that they reflect other dimensions of poverty that cannot be captured solely by monetary indicators.

At a global level, these approaches have gained notoriety in debates due to their ability to incorporate different aspects of poverty into aggregate poverty measurements, as well as their capacity to generate composite indicators.

In Latin America and the Caribbean, the use of multidimensional indicators to assess rural poverty shows an even more worrying situation facing the region. In 2012, most of the rural population in countries of the region was considered multidimensional poor (Santos *et al.*, 2015), with the exception of Brazil, Chile, Costa Rica and The Oriental Republic of Uruguay.

The multidimensional approach reaffirms the results of monetary indicators: rural poverty has been reduced, but remains unacceptably high. In addition, the multidimensional indicators show more alarming levels of the rural population living in poverty than the monetary poverty indicators.

The Multidimensional Poverty Index proposed by Santos *et al.* (2015) incorporates different indicators related to access to housing, education, electricity and sanitation services, as well as social protection variables. The index helps to measure the capacity of States in the region to provide basic services in rural territories so that their inhabitants are able to develop to their full potential.

The following Figures show two variations of the multidimensional poverty rate – a headcount ratio (H) and an adjusted headcount ratio (M0), both taken from Angulo, Solano and Tamayo (2018) based on estimates by Santos *et al.* (2015). The multidimensional poverty rate (H), which is the percentage of the population experiencing at least 25% of the index-weighted deprivations, shows a wide range of variation between countries. For example, multidimensional rural poverty in the country with the highest rate of multidimensional poverty is almost eight times that of the least poor country. This difference, although high, is lower than that between the poorest and the least poor on the rural monetary poverty index (12 times) and the extreme poverty index in rural territories (22 times).

The adjusted multidimensional poverty rate (M0), which is defined as the product between the percentage of poor or headcount ratio (H) and the weighted average of the deprivation of people in poverty (A), provides a measure of multidimensional poverty that includes both the headcount ratio and intensity. An example serves to illustrate this point: multidimensional poverty is not the same for an individual with 25% of weighted deprivations as for another with 50%. The headcount ratio does not distinguish between either individual and counts them both as poor, while the adjusted headcount rate captures this difference. As Angulo, Solano and Tamayo (2018) point out, the differences between poverty measures vary among countries when the intensity of poverty is incorporated.

For example, at the end of the period of analysis the ratio between the country with the highest rural multidimensional poverty rate (Nicaragua) and the lowest (Chile) was 14.5 using the adjusted multidimensional poverty indicator, while the difference in multidimensional poverty between the two countries without considering the adjusted head-count ratio was only 8 times.

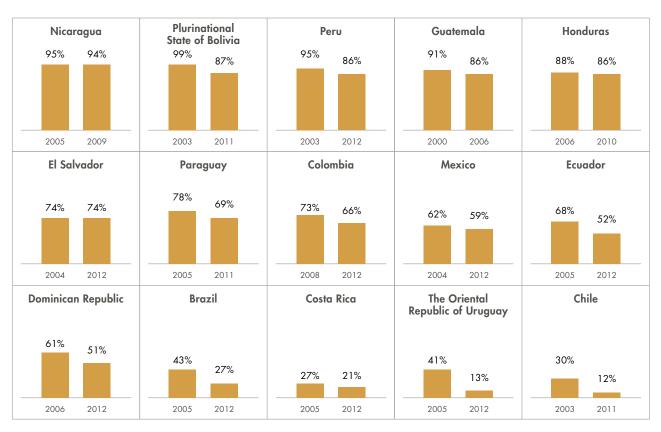
As shown in Figure 6, multidimensional rural poverty levels tend to be higher than those that only consider monetary indicators (see Figure 2). For example, in countries such as Plurinational State of Bolivia or Peru, which have shown substantial progress in reducing rural monetary poverty (from 79% to 54% and from 73% to 46%, respectively), the rural population still faces constraints in translating higher consumption into well-being because levels of multidimensional poverty in rural territories remain above 85%. However, as shown in Figure 7, when the multidimensional indicator is adjusted to capture not only the level of poverty but its intensity, it falls to levels close to those of monetary poverty, or even lower in countries such as The Oriental Republic of Uruguay, Chile and Brazil.

Between 2005 and 2012, the rural multidimensional poverty indicator in Latin America and the Caribbean fell in all countries with the exception of El Salvador. Even so, it should be noted that most rural households in countries of the region are in a situation of multidimensional poverty, with an imbalance between rural and urban households as in the case of monetary poverty.

In this regard, multidimensional rural poverty in all countries of the region was higher than urban poverty. The greatest differences between rates of rural and urban poverty were seen in the Andean countries —Purinational State of Bolivia, Colombia, Ecuador and Peru (Santos *et al.*, 2015).

Of course, the severity of multidimensional rural poverty in Latin America and the Caribbean varies from country to

FIGURE 6. PERCENTAGE OF PEOPLE IN RURAL MULTIDIMENSIONAL POVERTY (H) LIVING IN LATIN AMERICA AND THE CARIBBEAN (CIRCA 2005, 2012)



Source: Santos et al. (2015) based on household surveys in each country.

country. For example, in Nicaragua, which has the highest level of rural multidimensional poverty in the region, the rural poor experience, on average, 62% of the deprivations included in the indicator. In the case of Colombia, which is located in the middle range, this figure was 45.1%, while in Chile the intensity of multidimensional rural poverty was 32.1%.

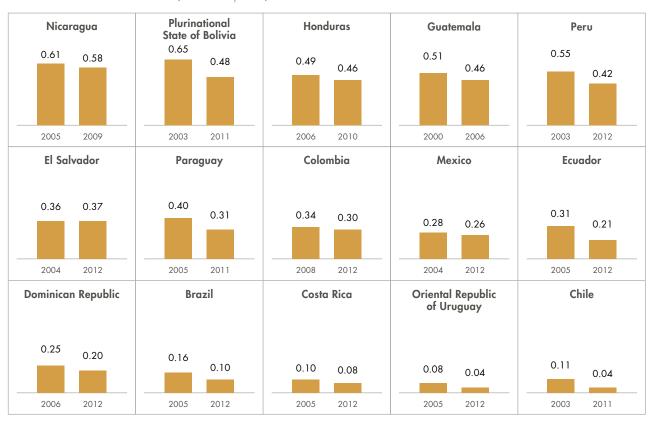
At a disaggregated level, not all dimensions of multidimensional rural poverty have the same weights¹⁰. In this regard, the most important indicators are social protection programs, progress in adult education, and access to energy supplies, financial resources and durable goods.

Therefore, any public policy initative that seeks to reduce the high percentage of multidimensional poverty in rural territories must address these dimensions¹¹.

The variables that have the most significant impact on the imbalance between rural and urban areas are: access to energy, housing materials, improved water sources and durable goods (Santos *et al.*, 2015). In other words, the lack of access to these resources clearly indicates poor coverage of "social infrastructure" (ECLAC, 2014).

Just as the severity of the multidimensional rural poverty rate varies by country, the contribution of each indicator

FIGURE 7. ADJUSTED RURAL MULTIDIMENSIONAL POVERTY RATIO (MO) IN COUNTRIES OF LATIN AMERICA AND THE CARIBBEAN (CIRCA 2005, 2012)



Source: Santos et al. (2015) based on household surveys in each country.

¹⁰ The multidimensional poverty indicator used by Santos *et al.* (2015) is comprised of five dimensions: housing (22.2%); basic services (22.2%), quality of life (22.2%), education (22.2%) and employment and social protection (11.1%). Each aspect is comprised of two or three indicators. For example, quality of life includes information related to financial resources and ownership of a set of durable goods; and basic services includes indicators such as access to drinking water, sanitation and energy.

There is an on-going discussion on alternative multidimensional poverty measures adapted to the varied rural contexts of the region and the world, which will probably conclude with innovative and alternative proposals of dimensions, weightings and thresholds for these type of measurements. FAO, together with specialists from the region, is committed to advancing these discussions to generate increasingly better, and more useful, measures of rural poverty (see Box 23).

has a different incidence in each country of the region. For example, in the Oriental Republic of Uruguay, education contributes 28%, while in Peru it only contributes 12%. This does not imply that the coverage and quality of educational services in Peru is superior to those of the Oriental Republic of Uruguay, but, rather that they have a different incidence in the multidimensional poverty index. Meanwhile, in Nicaragua, the employment and social protection variables have an incidence of 8%, while in Brazil the figure reaches 20%.

The indicators show that although a regional narrative has emerged that includes high levels of multidimensional rural poverty and significant imbalances with respect to the urban sector, national variations should not be ignored. Any strategy to eliminate rural poverty must take into account this diversity of realities and generate responses that are specific to each country's characteristics.

Secondly, although the data shows different levels of incidence in the deprivation of basic services experienced by rural populations in Latin America and the Caribbean, in all cases these indicate a harsher reality than that shown by monetary poverty indicators. If we take into account that the benefits of economic growth are lower for the most isolated populations and also for the poorest households in monetary terms, the multidimensional poverty ratio makes it possible to more accurately measure the deprivations facing the vulnerable populations of the region.

Although the countries of the region achieved important progress in poverty reduction during the period 2000-2012, with the exception of El Salvador, there is still room for improvement. Considering the magnitude and importance of the social problems caused by poverty, the countries of the region should seek to accelerate the process of poverty reduction.

Third, multidimensional measures offer a complementary perspective on rural poverty that is consistent with the evolution of monetary poverty. For example, Table 3, taken from Angulo, Solano and Tamayo (2018), compares the results of both measurements for the period in which information is available, thereby showing the consistency and complementarity of these indicators.

Finally, multidimensional poverty indicators reflect the lack of coverage of certain basic services, while the quality of these services represents another aspect of the problem. For example, rural territories tend to provide weaker educational and health services than urban areas, as well as having public bureaucracies with lower management capacities due to the dynamics of centralization (FAO, 2017a).

This raises the following question: if these were the results in the times of greatest economic growth, what can the most vulnerable populations in rural territories expect in a period that will clearly be less auspicious in economic terms for countries of the region?

TABLE 3. PROGRESS IN THE REDUCTION OF MONETARY POVERTY, EXTREME POVERTY AND MULTIDIMENSIONAL POVERTY IN COUNTRIES OF LATIN AMERICA AND THE CARIBBEAN (2005° b-2012° d)

							Av	erage	annuc	ıl vari	ation	(%) 20	05-20	12					
	117 012		Total			Urban			Rural			Total			Urban			Rural	
Country	Total Monetary Poverty (%) 2012	Monetary	Extreme	Multidimensional															
LAC	28.2	-4.1	-3.8		-4.6	-4.4		-2.7	-2.2										
Argentina				-10,4	-12,3	-12,2	-10,4						•	•	•	•			
Oriental Republic of Uruguay				-7.1	-9.7	-10,1	-6.5			-9.7			•	•	•	•			•
Chile	10.9	-5.2	-4.3	-6.1	-4.9	-4.0	-5.5	-7.1	-4.8	-7.4	•	•	•	•	•	•	•	•	•
Costa Rica	17.8	-2.2	0.6	-2.8	-2.1	0.3	-2.1	-2.1	1.3	-3.1	•	•	•	•	•	•	•	•	•
Brasil	18.6	-7.0	-7.1	-7.0	-7.3	-7.4	-7.4	-5.7	-5.8	-5.2									
Nicaragua	24.0	-1.5	-1.9	-1.5	-0.7	0.1	-2.6	-2.1	-2.8	-0.2	•	•	•	•		•			
Bolivarian Republic of Venezuela	25.4	-4.5	-7.9	-6.0			-6.0				•		•						
Peru	25.8	-6.7	-9.4	-4.5	-7.8	-11,1	-5.2	-3.6	-6.9	-1.0		•			•				
Colombia	32.9	-3.9	-3.6	-4.	-4.5	-4.0	-4.9	-2.4	-2.7	-2.4									
Ecuador	35.3	-4.5	-5.8	-4.7	-4.7	-6.8	-6.5	-4.1	-4.5	-3.4	•					•			
Plurinational State of Bolivia	36.3	-6.2	-6.6	-3.8	-7.1	-7.8	-5.0	-4.5	-5.0	-1.5	•	•		•	•	•	•	•	
Mexico	37.1	0.6	3.1	-0.8	2.4	9.9	-0.9	-1.2	-0.1	-0.6									
Dominican Republic	41.1	-1.9	-2.7	-3.3	-2.0	-2.9	-3.4	-1.7	-2.0	-2.7			•			•	•	•	•
El Salvador	45.3	-0.6	-3.6	0.0	-0.1	-3.4	-1.1	-0.9	-3.4	0.0	•	•	•	•	•	•	•	•	•
Paraguay	47.3	-2.4	-2.1	-3.7	-4.4	-6.0	-5.5	0.1	1.7	-1.9	•	•	•	•	•	•			•
Guatemala	67.7			-1.7			-1.4			-0.9									
Honduras	69.5	-1.0	-2.1	-0.8	-1.2	-3.3	-1.1	-0.9	-1.6	-0.6						•			

Source: Angulo, Solano and Tamayo (2018) based on ECLAC's household surveys of countries. Household Surveys Database (BADEHOG) and Santos *et al.* (2015), based on household surveys in each country.

Note: Progress in poverty reduction above 3% annual average is shown in green. The advances in poverty reduction below 3% annual average are shown in yellow. Red denotes an increase in poverty. The size of the spheres represents the contribution by country to overall poverty in Latin America.

 $^{^{\}rm o}$ Monetary and Extreme poverty: Data for Honduras and Chile corresponds to 2003, and data for El Salvador and The Plurinational State of Bolivia to 2004.

^b Multidimensional poverty: Data for Guatemala corresponds to 2000; Plurinational State of Bolivia, Peru and Chile corresponds to 2003; El Salvador and Mexico to 2004; Honduras and Dominican Republic to 2006; and Colombia to 2008.

^c Monetary and Extreme poverty: Data for Honduras corresponds to 2010 and data for Ecuador, Chile and Plurinational State of Bolivia to 2011.

^d Multidimensional poverty: Data for Honduras corresponds to 2010; and data for Plurinational State of Bolivia, Paraguay and Chile to 2011.

BOX 2. TERRITORIAL POVERTY TRAPS AND INEQUALITY

At the international level, the notion of "territorial poverty traps" is frequently used in technical discussions and policies related to rural development. This concept refers to the situation of a territory when it shows a permanent lag in indicators of well-being compared to the rest of the country (Bebbington *et al.*, 2016). This represents inequality at the sub-national level that is not exclusively economic, but also social and political.

These "trapped" territories have the following demographic characteristics: small populations, lower participation than urban areas, and higher levels of illiteracy compared to national averages. In addition, law enforcement tends to be limited, which explains why illegality and informality are part of the social and economic landscape in these areas. There is also a marked deterioration of human and social capital in these territories, which prevents them from being able to reverse the lag in economic, social and environmental indicators.

These "territorial traps" are seen in various countries of Latin America and the Caribbean (Bebbington et al., 2016). For example, in Peru, the high-Andean and jungle areas show a historical lag that has not been reversed despite the economic boom of the early 21st century. In the case of Chile, one of the most prosperous countries

in the region, the central-southern areas of the country, with a high demographic participation of the indigenous population, are the most lagging in terms of development. Mexico's southern states are another example of this territorial inequality and reversing this situation has become more complicated with the recent economic stagnation of the country and fewer resources available to implement targeted policies. In the countries mentioned above, the populations in these territories represent between 8% and 10% of the total in each country, a relatively low percentage but still representing millions of people in a situation of vulnerability.

As a result, "territorial traps" are not found exclusively in countries with a lower level of development or in those facing economic crises, but also in the context of economic booms and in countries with higher income levels.

The origin of these "traps", which are present in all countries of the region, is historical and political. They are the product of a long process in which different factors and actors converge. Among these are political-institutional factors linked to the existence of sub-national clientilistic, profit-seeking elites with low capacity for the management of administrative and financial resources (Bebbington *et al.*, 2016).

3. POVERTY AND RURAL TERRITORIES

Studies have demonstrated the geographic nature of the distribution of poverty and its overrepresentation in territories in rural territories. The areas that concentrate the highest incidence of poverty tend to have common characteristics that limit the possibilities for their populations to escape poverty.

In this regard, the geographic factor is highly important in the design and implementation of policies that seek to overcome poverty. Although the figures presented in this report give a general picture of poverty in Latin America and the Caribbean, these hide the fact that within each country there are important differences between sub-national administrative units (Bebbington *et al.*, 2016). Thus, for example, during the period 1990-2000, less than 10% of sub-national territories presented positive dynamics of economic growth combined with the reduction of poverty and inequality, while one in three territories of the region experienced economic and social stagnation (Modrego and Berdegué, 2015).

In other words, as noted in 2017 Latin American Poverty and Inequality Report (RIMISP, 2018), location is important. Although progress has been made in reducing poverty throughout the region, there are still important differences in these processes at the territorial level, with the incidence of poverty even starting to increase in some territories.

The data shows that poverty is concentrated in areas with greater indicators of rurality. The permanent lag of certain sub-national territories in development indicators maintains territorial inequalities, which are evident in the persistence of poverty traps, vulnerability and lack of opportunities (see Box 2). According to Bebbington *et al.* (2016), these traps are institutionalized, which means they are configured by social, political and cultural factors, and are the product of historical processes. The traps can be specific to each ter-

ritory or transversal across the country. As a result, halving these gaps would take between 22 and 40 years in Peru, between 19 and 29 years in Mexico, and between 17 and 41 years in Chile (Bebbington *et al.*, 2016, 37).

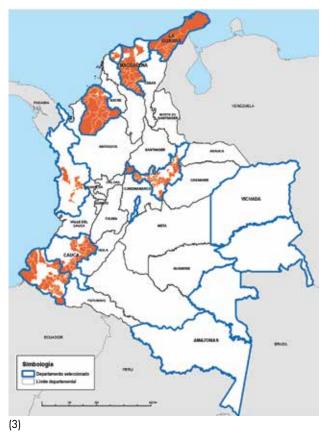
Also, rural poverty tends to be concentrated in ecologically fragile and remote areas far from the main economic centers of each country. In Latin America and the Caribbean, the population settled in these areas represents approximately 13.1% of the total population. At the beginning of the 21st century, this percentage represented 68 million people (Barbier, 2010 and 2012), who also tend to be part of the rural population that faces the highest poverty rates.

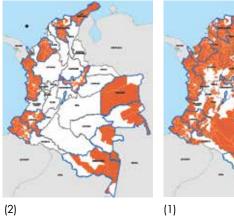
The territories that are lagging in the region in terms of development are generally characterized by small populations with a large percentage of indigenous and afro-descendant peoples in their demographic composition. These ethnic groups tend to face higher levels of poverty and extreme poverty in different countries of Latin America and the Caribbean (ECLAC, 2016).

An alternative method to identify struggling territories is by combining available information on aspects such as unsatisfied basic needs (UBN) and chronic child malnutrition—both related to poverty— together with measures of population density that capture rurality at the level of administrative districts.

To illustrate the above, Table 4 below includes maps that identify those rural territories that are most lagging in selected countries of the region. These maps combine three criteria: (i) rural territories with unsatisfied basic needs (UBN) that are above the national average; (ii) territories within this group with levels of chronic malnutrition that are higher than the national average; and (iii) territories with the highest rural UBN and chronic malnutrition (stunting) that also show the highest population density. This last criteria helps to identify those lagging rural territories that concentrate the largest populations, and which should therefore be subject to targeted social programs and broad funding initiatives.

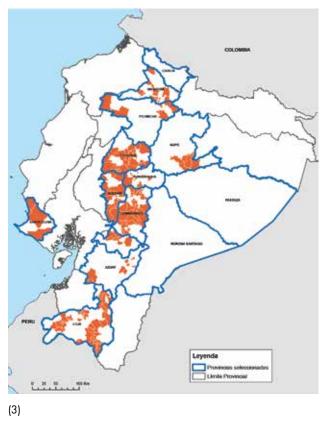
TABLE 4. MAPS OF RURAL TERRITORIES IN 5 LATIN AMERICAN COUNTRIES WITH THE HIGHEST RATES OF HUNGER AND POVERTY

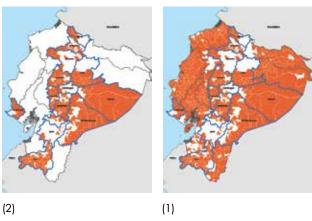




Colombia

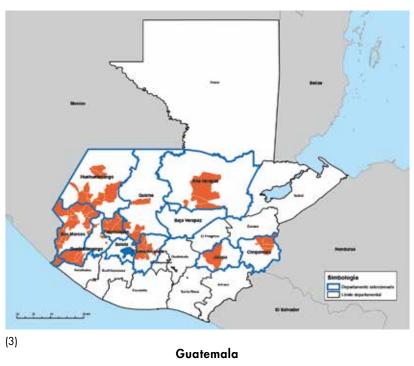
- (1) **Criteria 1**. Rural territories with levels of UBN higher than the national average.
- (2) **Criteria 2**. Rural territories that meet Criteria 1 with rates of chronic malnutrition (stunting) higher than the national average.
- (3) **Criteria 3**. Rural territories that meet Criteria 2 with population density that is above average for all Criteria 2 areas.





Ecuador

- (1) **Criteria 1**. Rural territories with levels of UBN higher than the national average.
- (2) **Criteria 2**. Rural territories that meet Criteria 1 with rates of chronic malnutrition (stunting) higher than the national average.
- (3) **Criteria 3**. Rural territories that meet Criteria 2 with population density that is above average for all Criteria 2 areas.

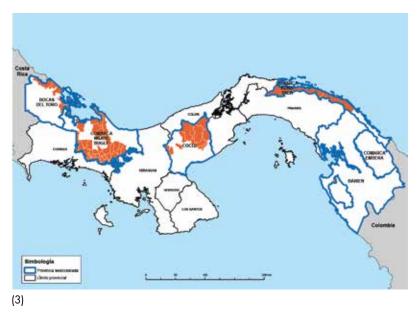


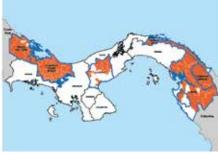




(1)

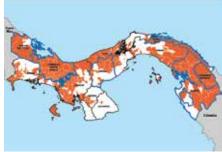
- (1) Criteria 1. Rural territories with levels of UBN higher than the national average.
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- (3) **Criteria 3**. Rural territories that meet Criteria 2 with population density that is above average for all Criteria 2 areas.





(2)

(1)

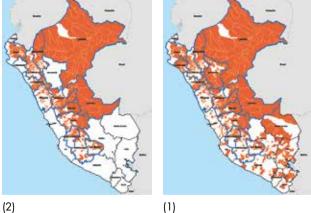


Panama

- (1) **Criteria 1**. Rural territories with levels of UBN higher than the national average.
- (2) **Criteria 2**. Rural territories that meet Criteria 1 with rates of chronic malnutrition (stunting) higher than the national average.
- (3) Criteria 3. Rural territories that meet Criteria 2 with population density that is above average for all Criteria 2 areas.



Source: Latin American Institute for Economic and Social Planning (ILPES) of the Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information provided by countries of the region.



Peru

- (1) **Criteria 1**. Rural territories with levels of UBN higher than the national average.
- (2) **Criteria 2**. Rural territories that meet Criteria 1 with rates of chronic malnutrition (stunting) higher than the national average.
- (3) **Criteria 3**. Rural territories that meet Criteria 2 with population density that is above average for all Criteria 2 areas.

Oriental Republic of Uruguay Chile Brazil Ecuador Peru Mexico Paraguay Guatemala Panama 90 0 70 80 10 20 30 40 50 60 100 ■ Indigenous indigence Non-indigenous poverty ■ Non-indigenous indigence Indigenous poverty

FIGURE 8. POVERTY AND EXTREME POVERTY (INDIGENCE) RATES FOR RURAL HOUSEHOLDS DISAGREGGATED BY ETHINICITY IN NINE LATIN AMERICA AND THE CARIBBEAN COUNTRIES (CIRCA 2013, 2014)

Source: ECLAC (data to 2014), Household Surveys Database (BADEHOG).

Note: Chile and Panama data from 2013.

Finally, there is another layer of analysis in addition to the multidimensional and territorial perspective: the overrepresentation of indigenous and Afro-descendant groups among people living in poverty in rural territories of Latin American countries, particularly in countries with a high population of indigenous people (Plurinational State of Bolivia, Mexico and Peru) or Afro-descendant people in rural territories (Brazil).

According to information published by ECLAC (2014), the poverty and extreme poverty rates in the nine countries for which information is available have historically been higher for indigenous and Afro-descendant groups (see Figure 8).

As shown in Figure 8, the rural population in the nine countries totaled 83 million, of which 33 million (40%) were in a situation of monetary poverty, including 11.4 million from indigenous or Afro-descendant groups. This means that 34% of people in rural poverty in these coun-

tries are from one of these groups. However, this result hides important differences. For example, the percentage of people with indigenous ancestry within the group of people in a situation of rural poverty reached 64% in the case of Paraguay; while in countries such as Chile, Ecuador and Brazil, this percentage represented less than 20%.

In other words, poverty is higher among indigenous or Afro-descendant groups. The incidence of rural poverty for indigenous or Afro-descendant people in these nine countries is 47%, while the rate for people without indigenous or African ancestry is 37%., which represents a gap of 10 percentage points.

Therefore, it is necessary to expand rural poverty analysis to incorporate a broader perspective that is capable of including all individuals and households in poverty, while identifying those groups with the highest levels of rural poverty, as well as the specific characteristics of each population group or territory.

4. THE NEW TREND IN RURAL POVERTY

What are the main factors that have influenced the evolution of monetary poverty and multidimensional poverty in rural territories of Latin America and the Caribbean?

According to ECLAC (2018), the evolution of monetary poverty can be explained by two key factors: the increase in average income driven by the so-called "growth effect"; and distributive changes, also called the "distributive effect".

These two factors that affect rural poverty reduction are associated with three additional variables: the phase of the economic cycle in which a country or region finds itself (recession or growth); the linkages between rural territories and national and international markets; and, finally, the degree of participation or integration of the rural population in the development of social policies focused on overcoming their situation of vulnerability and exclusion.

Based on the evidence, economic growth leading to market dynamism with job creation and better incomes, as well as higher tax revenues that can be used to finance social programs, are highly important in the reduction of poverty. By contrast, in periods marked by low growth rates, or even economic contraction, the lack of dynamism results in lower rates of poverty reduction. In these contexts, the impact of public policies focused on more vulnerable populations becomes more important. For example, between 2002 and 2016, the average participation of the growth effect on poverty reduction in the countries of the region was around 70% (ECLAC, 2018)¹².

Between 2002 and 2008, the period in which the economies of Latin America and the Caribbean grew at their fastest rate, the growth factor was even more important. In countries such as Argentina, Colombia and Peru, the growth effect on poverty reduction averaged around 80% in this period, compared to just 45% in Panama and The Oriental Republic of Uruguay.

Then, between 2008 and 2016, the growth factor continued to play an important role but the lower market dynamism meant that the distributive effect increased its weight in poverty reduction. The incidence of the distributive effect was important in countries such as Argentina, where the average share of this effect in reducing poverty was close to 80%.

In general, for the period 2002-2016, a correlation was observed between the countries whose average income per household exhibited the highest increases and the countries that managed to reduce poverty faster, such as Argentina,

The Plurinational State of Bolivia, Chile, Ecuador and Peru (ECLAC, 2018). From a disaggregated perspective, increases in household income are mainly explained by higher labour income and conditional cash transfers.

The participation of the increase in household income in poverty reduction was not just important in urban areas, but also in rural territories.

Incomes in rural territories could increase, among other reasons, as a result of an increase in wages, regardless of whether these are earned through self-employed or salaried work under formal or informal arrangements.

In the case of the agricultural sector, for example, the greater dynamism of local, national and international markets can lead to an increase in demand for goods produced by rural workers, which leads to an increase in wages.

However, whether countries can take advantage of these opportunities depends on the fulfillment of a series of preconditions (de Janvry, Araujo and Sadoulet, 2002) related to human capital (adequate levels of education, health and nutrition) and commercial and transport infrastructure. The existence of associative networks (social capital) among producers, for example, can also help, since these contribute to better trading conditions in the market.

In addition, in the case of Rural Non-Farm Employment (RNFE), the expansion of the tourism or trade industries may favor their linkage with other related activities, such as entertainment services, producing clusters of public and private entities that stimulate local economies (Dirven, 2011b).

It is important to emphasise that the imbalance of income between the rural and urban population explains the differences between the levels of monetary poverty reported in this chapter, as it is directly related to the different productive returns among various sectors and economic activities. For the last few decades, ECLAC has called this phenomenon "Latin American productive heterogeneity".

According to ECLAC, in Latin America and the Caribbean there is a coexistence between "growing, dynamic and high productivity sectors, concentrated in a few companies dedicated to tradable goods and services, but which generate a low proportion of employment", and "sectors that are technologically lagging, with no access to capital and that are characterized by high levels of indebtedness, and a focus by the majority of companies on non-tradable goods" (Assael et al., 2009, 24).

For example, in 2012, growth in wages in the agricultural sector of the region, which is one of the main drivers of the rural economy, differed from the financial services sector and the real estate and business services sector, which are mainly based in urban areas, by a magnitude of 60.2 and 162.7, respectively, according to the average earnings index (Weller, 2016).

ECLAC (2018) does not provide a disaggregated analysis by geographical area; therefore, the statistics presented include both urban and rural territories.

Even at within the rural sector, there are differences between the incomes of the population engaged in agricultural activities and salaried employees in the RNFE sector (Rodríguez and Meneses, 2010).

This imbalance explains the higher levels of poverty of the rural agricultural population compared to those engaged in manufacturing, environmental services, construction and commerce¹³.

Therefore, it is possible to conclude that the persistence of these imbalances is not only the result of a depletion of social programs in the region, but is also the asymmetrical impacts of economic growth due to structural constraints.

For example, the international economic context in the early 21st century facilitated an agricultural boom in Latin America and the Caribbean. However, its effects were differentiated among countries. According to da Silva, Gómez and Castañeda (2010), the economic growth of the agricultural sector was concentrated mainly in certain geographical areas with greater aptitudes for producing certain goods linked to producers with access to external markets. In Argentina, medium and large soybean producers in the Pampas region were the main beneficiaries. In Peru, on the other hand, the main beneficiaries were the medium and large-scale producers of certain fruits and vegetables, such as asparagus, located on the Pacific coast. In other words, the effects of greater economic dynamism were mainly felt in areas that had competitive advantages due to their natural conditions, and a set of strategic investments that made it possible to take advantage of the dynamics of the current development model of economic specialization.

The income of the rural population can also increase through cash transfers from the State. These not only have a positive impact on the household economy, but also have effects at the local level since, through the acquisition of goods and services, they promote the flow of capital to the poorest territories that are excluded from the dynamics of development. They include monetary transfers to vulnerable and poor households, as well as non-contributory pensions (ECLAC, 2018). In rural territories, this source of income is important for the sectors that face the greatest difficulties in inserting themselves in the labour market and taking advantage of commercial opportunities, either due to reduced human capital or lack of assets, such as real estate.

Peru can be used as an example of the different levels of participation of the factors that affect poverty reduction. Between 2004 and 2008, the period in which Peru's GDP experienced historical growth rates, 96% of the reduction in rural monetary poverty was attributable to economic growth. Later, between 2008 and 2012, the incidence of this factor fell to 60% (Herrera, 2017).

More recently, between 2012 and 2016, the weight of the "growth effect" in poverty reduction was only 40% during a period that coincides with a less favourable international economic context due to the slowdown in the Chinese economy.

The remaining percentage is mainly explained by specific public policies in territories with high poverty rates that are focused on populations living in a situation of poverty and vulnerability. These policies include investments to expand and improve infrastructure, greater coverage of basic services, transfer programs and the implementation of different social protection mechanisms.

Therefore, both effects should not be considered mutually exclusive. The "growth effect" has an undeniable impact on the reduction of poverty when the economy grows at high rates, but the "redistributive effect" is more important in times of low or zero growth rates, when conditional cash transfers can play an important role.

However, multidimensional poverty indicators point to a more worrying outlook for the future of rural poverty in the region. These show that States in Latin America and the Caribbean have not been able to deliver essential basic services to the most vulnerable and historically neglected populations in their territories. It is important to reiterate that this has not been possible despite States having experienced a scenario of exceptionally high fiscal resources.

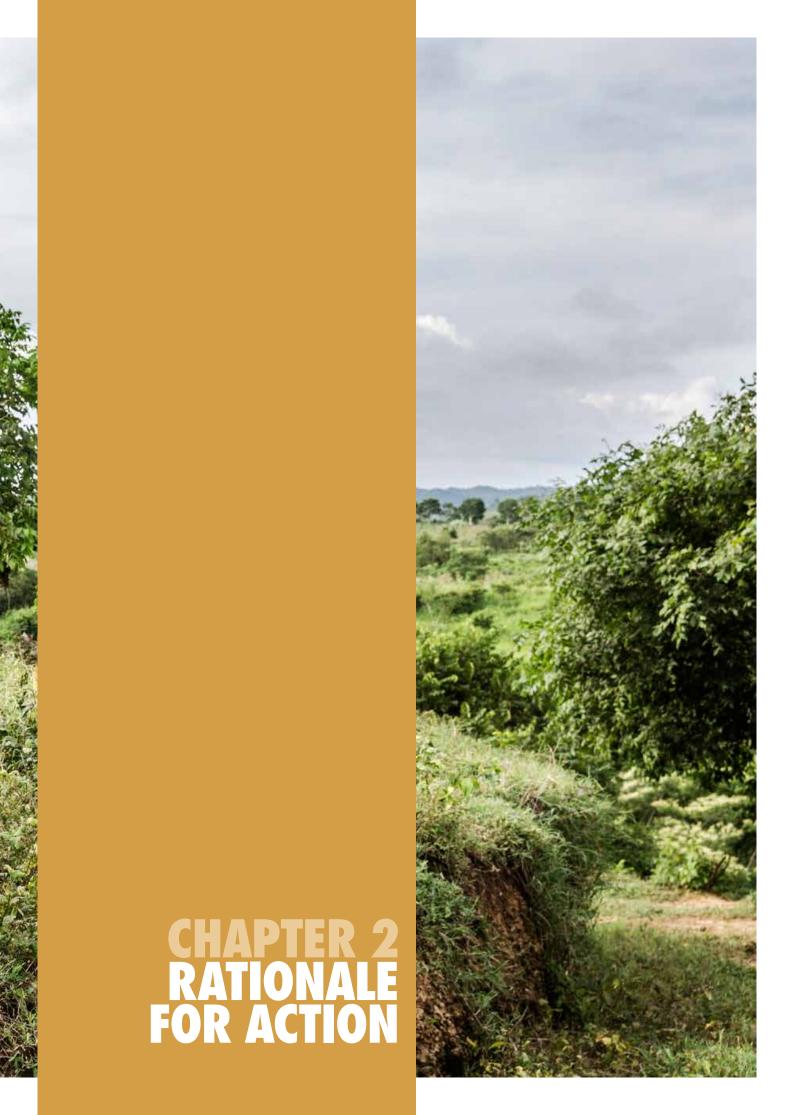
The reasons for this new context are not only related to the end of the period of higher economic growth, employment and incomes in the region, but also to less activity by countries of Latin America and the Caribbean in the development of social policies focused on populations traditionally excluded from growth dynamics.

The third aspect that helps explain the new context is that multidimensional poverty indicators have remained exceptionally high in most countries of the region. This situation suggests that higher economic growth and the reduction of monetary poverty had an unexpected effect as States in the region stayed in their comfort zone and did not take advantage of higher tax revenues to close gaps in essential public services more effectively.

Today, in a less auspicious economic scenario, governments in the region face the challenge of increasing their efforts to achieve what has not been possible until now —to ensure an adequate standard of living for the most vulnerable populations in the region.

Chapter 3 offers a more detailed picture of the situation of the agricultural sector and RNFE in Latin America and the Caribbean.





RATIONALE FOR ACTION

KEY MESSAGES

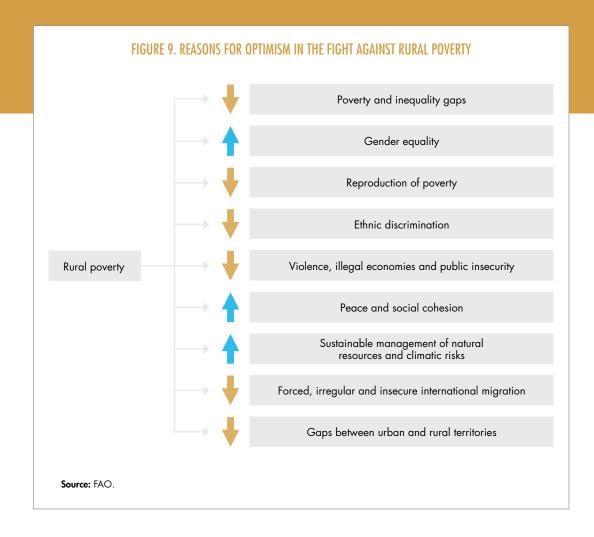
- Full compliance with the international commitments assumed by the countries of the region in the 2030 Sustainable Development Goals (SDG) depends to a large extent on the sustained and accelerated reduction of rural poverty. Indeed, 78% of the targets of the SDGs (132 of 169) depend exclusively or mainly on actions in rural territories globally.
- Rural poverty is a public problem with multiple causes and interdependence with other social problems. As a result, promoting policies that ensure its sustained reduction not only requires making the elimination of rural poverty a policy objective, but also highlighting the multiple dimensions of national development that are affected by unacceptable poverty rates in rural territories.
- As long as hunger, poverty, insecurity and environmental vulnerability prevent rural inhabitants from obtaining the necessary conditions for their development in rural territories, the countries of the region will continue to show signs of social and economic strain, which are manifested through irregular and insecure international migration, the depletion of biodiversity and an increase in social conflict, putting at risk the efficacy and strength of the region's democracies in the medium and long-term.
- Any policy that seeks to reduce rural poverty must recognize the rights, skills and economic potential of populations traditionally excluded from economic development and political participation, such as indigenous peoples, Afro-descendants, women and youth who live in rural territories.

Today, why should the focus be on rural poverty? After two decades of sustained progress in reducing rural poverty, the most vulnerable populations in Latin America and the Caribbean are once again at risk. The new economic context of lower economic growth rates and lower fiscal resources is leading to an increase in rural monetary poverty.

According to ECLAC estimates (2018), there are close to 59 million poor and extremely poor people in urban and rural territories who do not have the capacity to pay for a basic subsistence basket. These are people who are constantly struggling for survival and who are being denied the opportunity for a better life by learning new skills and putting them to use.

Rural poverty is a social problem with a human face and with its own particularities, depending on the geographical and social context. Like any social problem, it has multiple causes and interdependence with other problems (Dunn, 2004).

This chapter offers a set of reasons that should encourage countries in Latin America and the Caribbean to prioritize the elimination of rural poverty, which is interrelated with other objectives linked to the reduction of inequality, the fight against insecurity, the sustainable management of natural resources and food security, among others



1. TO CLOSE THE POVERTY GAP AND REDUCE INEQUALITY

The "leave no one behind" principle of the Sustainable Development Agenda calls on countries in Latin America and the Caribbean to focus on overcoming the precarious living conditions facing tens of millions of people in the region. This means ensuring a minimum income, access to quality public and private services, and the full exercise of citizenship for families settled in rural territories (as for any other citizen of the region).

In this regard, given that economic and social development indicators in rural territories have historically been consistently lower than the national averages, targeted public policies are needed to tackle poverty and hunger in these areas in order to generate opportunities for development and contribute to reducing inequality.

So what is the current situation in the region in terms of rural poverty reduction and how should the goals be defined? One possible approach is the Sustainable Development Goals assumed by countries of the region in 2015 within the framework of the United Nations. These include 17 goals and 169 social, economic and environmental targets agreed by Member States and civil society organizations.

According to the commitments, the targets must be met no later than 2030 (hence the name, "2030 Agenda for Sustainable Development"). There are at least four targets directly linked to the reduction of rural poverty: end poverty in all its forms; end hunger, achieve food security and improved nutrition, and promote sustainable farming; pro-

TABLE 5. PROGRESS IN THE REGION IN MEETING SDGS DIRECTLY RELATED TO RURAL POVERTY

		Subregion					
Target	Goal	Latin America	Central America	Caribbean	South America		
1. End poverty in all its forms	Erradicate extreme poverty	В	В	В	В		
End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	Erradicate hunger ¹	E	E	D	E		
8. Promote sustained, inclusive and sustainable economic growth, full employment and productive and decent work for all	Economic growth in the Least Developed Countries ²	NA	NA	D	NA		
10. Reduce inequality within and among countries	Reducir la desigualdad³	А	А	D	А		

Source: Nicolai, Bhatkal and Aedy (2016).

Note: A = Goal has been met; B = More than halfway towards the goal; C = More than a third of the way towards the goal; D = More than a quarter of the way towards the goal; E = Little or no progress; F = Reverse the direction of current trends.

mote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; and reduce inequality within and between countries. Table 5 shows the degree of progress towards the SDGs in the region. The results are based on data from 2016.

Based on the data in the previous table, it is possible to develop a regional narrative for the different sub-regions in Latin America and the Caribbean, which show similar progress. The advances so far are not encouraging. The only target that may be achieved soon is that linked to inequality (SDG 10), which could mean an important step forward since the region is one of the most unequal in the world. However, without the full development of all social sectors, the decrease in inequality may not have the desired effect

on millions of people, including women, rural youth and indigenous peoples.

In terms of the remaining targets, if the current pace is maintained, the advances will only be partial. In addition, the forecasts for the region are even more disappointing considering that, as indicated above, these estimates are based on national indicators and do not necessarily represent the dynamics of rural territories.

As shown in Figure 10, of the 169 SDG targets, 132 (78%) are strongly linked to rural areas. These are divided into targets that are highly important in rural territories (96) or targets that must be met exclusively in these areas (36). From this last group, the targets are concentrated in SDG

¹ To achieve this target, agricultural producers play a vital role in guaranteeing the food security of nations through the production of food and the use of resilient and environmentally friendly production systems. For more detail, see Box 3 and Figure 10.

²Economic growth in Least Developed Countries. This SDG seeks to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all," with special emphasis on women, young people and the disabled. This requires annual GDP growth rates of at least 7% in the less developed countries. https://www.un.org/sustainabledevelopment/es/economic-growth

³ By 2030, the income of the poorest 40% of the population must increase at rates above the national average.

FIGURE 10. THE IMPORTANCE OF RURAL AREAS IN ACHIEVING THE TARGETS OF SDGS^o

SDG 1: End poverty	1.1	1.2	1.3	1.4	1.5	1.a	1.b						
SDG 2: Zero hunger	2.1	2.2	2.3	2.4	2.5	2.a	2.b	2.c					
SDG 3: Health and well-being	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	3.a	3.b	3.c	3.
SDG 4: Quality education	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.a	4.b	4.c			
SDG 5: Gender equality	5.1	5.2	5.3	5.4	5.5	5.6	5.a	5.b	5.c				
SDG 6: Clean water and sanitation	6.1	6.2	6.3	6.4	6.5	6.6	6.a	6.b					
SDG 7: Energy	7.1	7.2	7.3	7.a	7.b								
SDG 8: Decent work and growth	8.1	8.2	8.3	8.4	8.5	8.6	8.7	8.8	8.9	8.10	8.a	8.b	
SDG 9: Industry, innovation and infrastructure	9.1	9.2	9.3	9.4	9.5	9.a	9.b	9.c					
SDG 10: Reducing inequality	10.1	10.2	10.3	10.4	10.5	10.6	10.7	10.a	10.b	10.c			
SDG 11: Sustainable cities	11.1	11.2	11.3	11.4	11.5	11.6	11.7	11.a	11.b	11.c			
SDG 12: Sustainable consumption and production	12.1	12.2	12.3	12.4	12.5	12.6	12.7	12.8	12.a	12.b	12.c		
SDG 13: Climate action	13.1	13.2	13.3	13.a	13.b								
SDG 14: Marine life	14.1	14.2	14.3	14.4	14.5	14.6	14.7	14.a	14.b	14.c			
SDG 15: Land ecosystems	15.1	15.2	15.3	15.4	15.5	15.6	15.7	15.8	15.9	15.a	15.b	15.c	
SDG 16: Peace, justice and stable institutions	16.1	16.2	16.3	16.4	16.5	16.6	16.7	16.8	16.9	16.10	16.a	16.b	
SDG 17: World Alliance for Sustainable Development	17.1	17.2	17.3	17.4	17.5	17.6	17.7	17.8	17.9	17.1	17.11	17.12	17
	17.14	17.15	17.16	17.17	17.18	17.19							

Source: FAO

The target is exclusively rural (it must be achieved in or by rural territories)

The target is highly important in rural areas

The importance of the target in rural territories is moderate to low

2, 13, 14 and 15 and also include targets in SDG 5, 6 and 7. In other words, they correspond directly to targets that can be achieved through policies and strategies linked to sustainable agricultural production, climate change, marine and terrestrial systems, as well as the management of water systems and renewable energy sources. Therefore, without significant advances in the elimination of rural poverty and inclusive and sustainable rural development processes, even in the best case scenario progress towards the SDGs will only be partial, while gaps between rural and urban areas will continue to widen.

Therefore, in order for countries of Latin America and the Caribbean to keep their commitments within the framework of the Sustainable Development Agenda 2030 and,

more importantly, to fulfill their responsibility to the populations that still live in extreme poverty, it is imperative that they implement actions aimed at accelerating these processes and closing the gaps that have historically affected populations in the rural territories of the region. In this regard, multilateral organizations, such as the Community of Latin American and Caribbean States (CELAC), can be used as learning spaces for countries with common objectives (see Box 4).

^a The list of indicators for the Sustainable Development Goals is available at: https://www.un.org/sustainabledevelopment/sustainable-development-goals/

BOX 3. RURAL PRODUCERS AND FOOD SECURITY OF COUNTRIES IN LATIN AMERICA AND THE CARIBBEAN

Since the 1996 World Food Summit, FAO has defined food security "at the individual, household, national and global level, as a situation that exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to satisfy their dietary needs and preferences, in order to lead an active and healthy life" (FAO, 2011a, 2). This definition has two key dimensions: level of access and quality of food, which represent different aspects of hunger. For example, undernourishment is the situation in which a person's intake of dietary energy is insufficient for active and healthy development, while malnutrition refers to difficiencies, excesses or imbalances in a person's intake of energy and/or nutrients.

How do these variables relate to poverty and the rural population? First, poverty is one of the main factors that explains the high levels of hunger in the world, due to the lack of purchasing power. When poor people are not suffering from hunger, the lack of access to a wide range of foods in rural territories —mainly because of connectivity

problems with markets— hinders their healthy nutrition, which has a negative impact on human capital in these areas. Therefore, countries of the region should concentrate their efforts on ensuring that these populations can achieve healthy diets.

To achieve this objective, rural populations should be seen not only as beneficiaries, but also as partners in the eradication of hunger. Family farming units represent one of the main sources of food in the region. The development of these families is important not only for the eradication of hunger in Latin America and the Caribbean, but also for future food supplies since the responsible use of natural resources will be a key factor in the viability of regional food security. Therefore, it is urgent to take measures to increase productivity and the sustainable use of land and water resources by populations in rural territories, through innovation and linkages with markets. This will help to promote more efficient, inclusive and sustainable agricultural sectors (FAO, 2018a).

BOX 4. CELAC'S PLAN FOR FOOD SECURITY, NUTRITION AND HUNGER ERADICATION 2025

The Community of Latin American and Caribbean States (CELAC) is an intergovernmental institution composed of the 33 countries of the region. Since its founding in 2011, this body has sought to promote dialogue and the exchange of experiences among its members in multiple areas: social development, education, peace building, family farming and environmental conservation. It is a successful example of South-South cooperation that promotes concrete public policy measures that are adapted to the context of each country.

With regard to the reduction of rural poverty, the CELAC Plan for Food Security, Nutrition and Hunger Eradication 2025 is one of the main guidelines for action in the countries of Latin America and the Caribbean. This Plan consists of the following four action areas:

- 1. Promote coordinated food security strategies through national and regional public policies.
- Ensure timely and sustainable access to safe, adequate, sufficient and nutritious food for all.
- 3. Ensure nutritional well-being for all vulnerable groups.
- Guarantee the stability of production and timely attention to disasters of socio-natural origin.

These are objectives related to the reduction of rural poverty and the consolidation of rural territorial development. Therefore, multilateral spaces such as CELAC accept that rural poverty is not a problem that can be solved by each country on its own, but rather ending poverty is a goal that can be achieved more effectively by taking advantage of synergies and the exchange of experiences between countries.

2. TO END THE REPRODUCTION OF POVERTY

The vicious circle of poverty continues when households fail to reverse intergenerational trends of exclusion and vulnerability. The result is that younger generations face the same situation as their parents. Children born into poverty face problems typical of challenging social contexts, with a high probability of poor academic performance and dropping out, as well as a low probability of access to high-productivity, high-paying jobs (Labat, 2018). The intergenerational reproduction of poverty can also be seen more acutely in rural territories where whole families are engaged in a single economic activity, such as farming. As a result, the economies of rural households differ from urban households due to the specialization of labour (FAO, 2017).

Child labour in agriculture can be an effective means of perpetuating poverty. In Latin America and the Caribbean, approximately 12.5 million children work, of which 47.6%—around 6 million (ILO and FAO, 2013)—do so in the agricultural sector.¹⁴, compared to 23.8% in the commercial sector.

In addition, due to gender bias, the percentage of male children who work reaches 61.9% in the age group of 5 to 14 years. In the case of girls —who are often tasked with unpaid family work and childcare— the level of participation in agricultural activities is also high, reaching 46.3% of girls between 5 and 14 years of age, and with a significant participation in the commercial sector as well (30.3%).

Child labour is problematic in many respects. First, children are almost always engaged in unpaid labour (helping relatives), or in the best case, receive very low pay due to their vulnerability and limited knowledge in various areas. Also, working implies that children have less time for education and recreation, which should be their only priority in this stage of their lives. The impact of child labour is even worse considering the abusive and exploitative practices often faced by child workers. Conditional cash transfer programs have sought to prevent children from entering the labour supply early, in order to prioritize their access to educational and health services, and thus strengthen local human capital. However, there are still children who are excluded from these policies in the region due to budgetary reasons and lack of efficiency in the management of public resources.

Second, agriculture —the main source of work for rural children in Latin America and the Caribbean— is one of the most dangerous activities for children. Challenges include "very long days, extreme weather conditions, unhealthy locations, and the use of chemicals, tools or dangerous equipment, without proper training or protection," (ILO and FAO, 2013, 3). As a result, the majority of accidents

and deaths of minors in labour contexts occur in the agricultural sector.

For these reasons, eradicating child labour must be a priority for the countries of the region. In the case of agricultural work, this challenge is especially important in the Andean countries —The Plurinational State of Bolivia, Ecuador and Peru— where the participation of child labour in this sector averages 62% (ILO and FAO, 2013). In this regard, the International Labour Organization (ILO) has suggested that political action focus on three main areas: strengthening and expanding the coverage of the education system taking into account local economic potential, raising public awareness of the negative impacts of child labour at the individual and social level, and consolidating control mechanisms that prevent and sanction risky child labour.

Although it is not the only requirement, the strengthening of human capital —through access to a quality education and health system— is an indispensable condition for rural territories to reach a critical mass in order to participate in higher productivity economic activities. Young people have the potential to become key actors to reverse trends and cycles of low productivity and exclusion, as long as they are provided with educational and employment opportunities that are conducive to generating new social dynamics.

In the case of young people in rural territories of Latin America and the Caribbean, in 2012 there were 17.8 million rural youth —between 15 and 29 years of age—working in agricultural and non-agricultural jobs¹⁵ (FAO, 2016a). From a disaggregated perspective, in 2013 51.4% of these rural youth worked in agricultural jobs, while the remainder worked in retail (13.2%), mining (12.7%), manufacturing (10%), construction (6.7%) and transport (3.1%), according to estimates from ECLAC's Youth Observatory (Espejo, 2017).

In general terms, even though it is possible to identify higher percentages of poverty in agricultural households compared to those subsisting on other activities, rural youth employment, whether agricultural or non-agricultural, presents a set of problems. To begin with, rural youth tend to enter the labour market earlier than their urban peers and in informal jobs characterized by low wages, job precariousness, gender discrimination against women, and the lack of contracts or social protection (Espejo, 2017). These conditions must be addressed by countries in the region if they intend to to promote inclusive rural territorial development.

The situation, however, could be even more precarious for rural youth in Latin America and the Caribbean. According to FAO (2016a), in 2013 the percentage of rural youth considered inactive was almost 10 percentage points higher than in populations located in urban areas. Many of these youth explained their inactivity was due to prioritizing their studies. But when there are no job prospects or educational opportunities, the percentage of young people who neither study nor work is higher. In Latin America and the Caribbean, approximately 58.1% of inactive rural youth are in

¹⁴ In this case, "agricultural" includes activities such as livestock, forestry, aquaculture, etc.

Research data from 11 countries in the region.

this category, or at least 6.7 million youth using an estimate for the 20 countries in the region (FAO, 2016a). The situation of precariousness of this population implies the loss of human capital and the potential risk of incursion in criminal activities due to their situation of exclusion.

Although it is necessary to expand the coverage of educational services and access to employment, this does not guarantee virtuous and inclusive development dynamics. Having a job is not always synonymous with decent, well-paid work. In addition, rural educational services are not always of the same quality as those in urban areas, and the extension of their coverage may be marked by gender inequalities. For example, in 2012, of the population between 20 and 24 years of age that was inactive in the workforce due to household work, 80.5% corresponded to women, that is, a population of approximately 1.06 million (FAO, 2016a).

Thanks to targeted interventions, such as conditional cash transfers, some gender imbalances in access to education have been reduced. However, the challenge remains for rural girls to finish high school at least at the same rate as their male peers (Asensio, 2012). Therefore, countries must take this reality into account in order to implement measures focused on reversing patterns of exclusion of youth, and especially young women due to their greater degree of vulnerability. The goal must be to end the intergenerational reproduction of poverty.

3. TO END ETHNIC DISCRIMINATION

What other reasons are there for countries of Latin America and the Caribbean to focus on rural poverty? Being of indigenous or African descent in the region can have a negative impact on the development possibilities of an individual. These ethnic groups are overrepresented in poverty groups. This pattern of imbalance in terms of poverty is seen between indigenous and non-indigenous groups, as well as between Afro-descendants and non-Afro-descendants (ECLAC, 2016).

As shown in Table 6, the self-identified indigenous population faces higher poverty rates than non-indigenous sectors in at least eight countries of the region. The same situation occurs in the case of extreme poverty, with the exception of Chile, while a similar pattern is observed in the case of the Afro-descendant population.

Moreover, from a multidimensional perspective, exclusion increases when the variable of ethnic self-identification is combined with geographical area. For example, the indigenous population living in urban areas in the region is 1.5 times more likely to have access to electricity, and 1.7 times more likely to have access to drinking water service compared to those living in rural territories (World Bank, 2015). The same imbalances have been identified in access

to primary, secondary and tertiary education, with the greatest gap between urban and rural territories seen at the tertiary level (ratio of 7:1).

As shown by the indicators in Table 6, policies to promote development and end poverty in Latin America and the Caribbean should also take an approach based on criteria of ethnic self-idenfitication, with the aim of reducing and eventually eliminating these gaps. The region must look to stop the trend seen since early this century, with indigenous and afro-descendant populations generating greater space for political participation, while poverty rates and the disparity with other populations, especially in rural territories, remain high (World Bank 2015).

In this regard, one of the main challenges for countries of the region is to ensure that policies do not consider the rural indigenous and afro-descendant populations as mere beneficiaries, but also as active partners in overcoming their situation of vulnerability (FAO, 2011b). Taking into account the traditional knowledge of these populations would help to ensure sustainable and inclusive development that is respectful of ethnic diversity.

However, it is not only a problem of access to health services, education and social protection, but also about the participation of indigenous peoples in these services through the inclusion of traditional medicine, bilingual education. and the implementation of specific social protection policies which are focused on the community rather than specific individuals or households.

In this regard, respect for traditional systems of land tenure deserves special mention. The governance of natural resources, a notion that is addressed in this report, requires different approaches in the case of these ethnic groups. FAO (2011b) proposes the following guidelines:

- Countries must, in the case of indigenous peoples, comply with their relevant obligations and commitments, in order to protect human rights, including where appropriate those derived from the ILO's Indigenous and Tribal Peoples Convention, the Convention on Biological Diversity and the United Nations Declaration on the Rights of Indigenous Peoples.
- Indigenous peoples and communities with traditional land tenure systems should guarantee equitable, secure and sustainable rights to natural resources, especially in the case of women and youth. A mechanism to achieve this objective is the effective participation of the entire community in discussions concerning land tenure rights.
- Countries must recognize and protect the rights of indigenous peoples related to traditional systems of land tenure, thereby avoiding their forced eviction from ancestral lands.
- Countries must recognize and protect the right of indigenous peoples to give their free, prior and informed consent in relation to all projects and initiatives that affect them or their territories.

TABLE 6. POVERTY RATES (%) OF THE INDIGENOUS, NON-INDIGENOUS, AFRO-DESCENDANT AND NON-AFRO-DESCENDANT POPULATION IN LATIN AMERICA

6		Pov	erty			Extreme	poverty	
Country	T.	NI	Α	NA	- 1	NI	Α	NA
Plurinational State of Bolivia	41	34	-	-	23	17	-	-
Brazil	35	10	22	10	18	3	6	3
Chile	10	8	-	-	3	3	-	-
Ecuador	42	27	42	27	21	9	17	9
Guatemala	72	59	-	-	51	36	-	-
Mexico	50	37	-	-	24	13	-	-
Paraguay	51	31	-	-	36	11	-	-
Peru	26	16	21	3	5	2	3	2
Oriental Republic of Uruguay	-	-	11	4	-	-	2	1

Source: FAO, based on ECLAC data (2016).

Note: I = Indigenous; NI = Non-Indigenous; A= Afro-descendant; and NA = Non-Afro-descendant

4. TO ACHIEVE GENDER EQUALITY

Poverty is not experienced equally by all those in rural areas, and being a woman increases the likelihood of suffering from this condition. In fact, the notion of the feminization of poverty has highlighted the need to recognize that men and women suffer differently from poverty, and that gender is a factor —along with age, ethnicity and geographical location—in poverty, with women experiencing higher rates of vulnerability (ECLAC, UNIFEM and Italy, 2004).

Countries in the region face the challenge of generating a cultural change that allows the development of a social order based on gender equality, overcoming the existing culture of privilege that tends to reproduce forms of discrimination and exclusion: "Social development not only seeks to eradicate poverty, but also to promote inclusive development with greater equality that enhances the capacities of individuals and extends their enjoyment of freedoms, dignity and autonomy, and that promotes growth, environmental viability and sustainability over time, assuming obligations towards future generations." (ECLAC, 2016, 86).

The challenges facing women in the region persist despite generational changes. Although female rural youth are different from their mothers and grandmothers in that they have a greater endowment of human capital, are more connected and informed, and have higher aspirations, they still face similar challenges (Hernández, Asensio & Trivelli, 2014).

Effectively reducing inequality means recognizing the diversity of situations experienced by women, taking into

account how gender gaps can interact with other types of inequality and forms of discrimination. As indicated by ECLAC (2016, 27): "One way to develop this perspective is through intersectional analysis, which has highlighted the interrelationships between race/ethnicity, gender, sexuality, social class and other axes of differentiation that interact simultaneously or in combination in the processes or structures of social domination and exclusion and has sought to reveal the kinds of discrimination resulting from the combination and confluence of different factors".

There is evidence that poverty intensifies food and nutritional insecurity (FAO, 2017b), which is key to understanding why women around the world are more likely to experience severe food insecurity, according to the Food Insecurity Experience Scale (FIES). In Latin America and the Caribbean, 5% of women face this situation, compared to 4.3% for men. In addition, women have a higher prevalence of obesity than men in all countries of the region. In 2014, obesity in Latin America reached an average of 27% among women and 17% among men. In the Caribbean, meanwhile, the prevalence of obesity among women reached 32%, compared to 18% for men. The Caribbean countries with the highest levels of obesity are the Bahamas, where 37% of women and 25% of men are obese, and Belize, with figures of 28% and 15%, respectively (FAO, 2017b).

Between 2007 and 2014, the femininity index of rural poverty in the region increased from 108.7 to 114.7, while the femininity index of extreme poverty increased from 113 to 114.9 in the same period. In addition, lower-income households concentrate a higher proportion of women at ages of greater productive and reproductive potential, between 25 and 59 years of age, specifically in the first two or three income quintiles (FAO, 2017b).

During the last five years, the participation of women in economic activity has increased slightly in rural sectors, from 41.7% of women of working age in 2012 to 45.1% in 2014, but still much lower than the economic participation rate of men, which reached 83.7% in 2014 (ECLAC, online).

Regardless of whether women are engaged in agricultural or non-agricultural activities, a significant number still do not have their own source of income. In 2002, 54% of rural women older than 15 years did not have their own income, which decreased to 39% in 2014. By contrast, only 17% of rural men did not have their own income in 2002, which fell to 12.7% in 2014. This situation is especially worrying if we consider that around 67% of employed women receive an income below the minimum wage (ECLAC, online).

Most rural women working in the region are self-employed (37%) or salaried employees (33%). Among the latter

group, most are employed in agriculture as day labourers or seasonal workers, whose working conditions are characterized by informality (ECLAC, online). In many countries of the region there is also a significant proportion of women who perform unpaid family work, with levels varying widely by country. In Chile, 67% of rural women are salaried employees and only 1.5% are unpaid family workers, but in Peru the situation is reversed with only 14% of women working as salaried employees and 43% as unpaid family workers. Despite these differences, rural women overall spend 10 hours more than urban women on unpaid work and perform almost three times the amount of unpaid work as men (FAO, 2017b).

According to Saa, Namdar-Irani and Aracena (2014), "unpaid" women in the region are not fully represented in agricultural censuses or in registries of family farming and fishing, and are therefore excluded from the statistics, partly due to the lack of studies and the large number of women who describe themselves as inactive, despite contributing significantly to agricultural productivity.

FAO (2011c) concluded that statistics underestimate the contribution of female labour to farming, because women generally see the fields where they work as an extension of the household and do not separate the work they do in these spaces, which increases the proportion of their labour declared as domestic work.

In turn, these labour gaps affect women's access to social protection. In general, social programs have only managed to cover a small part of the total workforce, mainly those women formally employed in urban areas, which means rural women have been systematically excluded. This situation is the result of the gender biases of the social protection systems in the region, which establish paid work as a condition for the recognition of social rights.

In addition to the above, the effective absence of child support policies means that childcare tasks are almost exclusively the responsibility of women, implying a high burden of unrecognized or unremunerated work.

Another important gender gap in the region corresponds to unequal access to productive resources. In the case of women, land ownership in the region ranges from 7.8% in Guatemala to 30.8% in Peru (FAO, 2018b). In addition, the lands managed by women are usually smaller areas of low quality for agricultural pastoral production compared to those managed by men (FAO, 2017b). Successful experiences related to the incorporation of gender promotion practices for access to land have been generated through regulatory and institutional changes, as occurred in The Plurinational State of Bolivia with the changes in the National Agrarian Reform Service Law (SNRA), and the Agrarian Reform Law.

Even so, producers in the region continue to have limited access to technical assistance and rural extension services, a situation that is aggravated by the presence of gender gaps. For example, in Nicaragua, Ecuador and Chile, the gap between women and men is below 3 percentage points, while in Peru and Brazil the gap is wider, reaching 10 and 11 points, respectively (Saa, Namdar-Irani & Aracena, 2014).

Structural biases, traditionally associated with technical assistance and rural extension programs and services (ATER), must also be considered, given that their marked androcentric orientation often ignores the contribution of women to production and nature conservation and reveals the gender inequality derived from the division of labour.

This overview poses important challenges for public policies and the development model in the region, which will not be successful without a joint effort to close the gender and ethnicity gaps that persist in rural societies.

Consequently, the 2030 Agenda demands that countries and organizations rethink the development strategies for rural societies and their territories, in such a way as to facilitate the integration of excluded groups, especially women (FAO, 2018a).

5. TO REDUCE VIOLENCE, ILLEGAL ECONOMIES AND INSECURITY

Factors such as highly unequal agrarian systems, social relations often characterized by exploitation, unequal land tenure and exclusionary modernization processes are important in explaining the processes of violence arising in rural territories of Latin America and the Caribbean throughout much of the 20th century (Kay, 2000). Even though the context in each country is different, organizations and political movements that have emerged in countries such as Colombia, Nicaragua and Peru offer a similar vision that has appealed to the most exploited sectors excluded from social and economic dynamics. However, far from improving their situation, political violence in many countries has negatively affected the rural population.

In most countries of the region, the agrarian reforms did not reverse the historical pattern of exclusion, although their aim was to improve equality through the formalization of land ownership in order to help rural peasants living in servitude to landowners. The negative outcome was that the inevitable fragmentation in land ownership was not accompanied by a strengthening of the productive and financial capacities of agricultural producers.

The agrarian reforms involved dynamics of both integration and repression of rural sectors, which allowed authoritarian governments to create conditions for greater political stability at the expense of democracy. In Mexico, which may be the most representative case, as part of the revolution an ambitious agrarian reform was implemented that incorporated the cultural claims of indigenous peoples. The stability achieved as a result was altered only in the 1990s due to a rebellion of rural sectors in Chiapas, which was one of the areas of the country where the reforms had less impact (Kay, 2000).

There is no direct nexus or causality between poverty and violence, since they are also affected by organizational and political factors. Even so, although they are both social problems with multiple causes, the recent history of Latin America and the Caribbean suggests that the social, economic and political exclusion of rural sectors is one of the key conditions for episodes characterized by extreme violence. As noted above, this is related to the interdependence of social problems in political and social systems in the region.

Even though, in the early 21st century, the region has not experienced the emergence of new organizations using strategies of political violence, or armed conflicts between neighbouring countries, citizen insecurity represents one of the main problems facing countries today. According to the 2017 Latinobarómetro survey, 20% of respondents declared that crime and insecurity were the main problem in the region. In this regard, the paradox of "growth with insecurity" (Muñoz, 2013) is emerging in Latin America and the Caribbean, which is a reminder that economic growth does not inevitably lead to inclusive development dynamics.

The fact that the most violent cities in the world are located in the region¹⁶, and that rates of "aspirational crimes"¹⁷ have soared, are evidence of patterns of inequality.

Insecurity is not a phenomenon exclusively of urban areas, it also affects rural territories. The payment of "tolls" and "rents" to enter or remain in certain rural territories, and the presence of illegal and violent organizations are factors that negatively affect the implementation of social and productive policies. The cost of entering these territories has increased, both for public and private actors, which hinders the inclusion of these sectors in national development projects.

Mainly in Brazil, Mexico, Honduras and Bolivarian Republic of Venezuela

¹⁷ These are crimes committed with the aim of achieving the same consumer status as socially priviledged groups in society.

BOX 5. ILLEGAL RURAL ECONOMIES: THE CASE OF RURAL PRODUCERS AND DRUG TRAFFICKING

The region of Latin America and the Caribbean is one of the main centers of illicit drug production worldwide. Raw materials used for the manufacture of illegal drugs with high international demand are cultivated extensively in the region, especially coca leaf and poppy.

Coca, cultivated mainly in Colombia, Peru and Plurinational State of Bolivia, is used in the production of cocaine, while Poppy, used for the manufacture of heroin, is produced mostly in Mexico and, to a lesser extent, Colombia.

Drug trafficking has the same dynamics as a decentralized value chain, without hierarchies or territorial roots. These traits help to explain its capacity for adaptation and how complex it is to address this problem. Within the supply chain, rural agricultural producers play the role of suppliers of raw materials. They are also responsible for harvesting the product. In many cases, they have made incursions into more complex links on the chain, but their participation in links with greater added value is less frequent, since this implies greater economic investment.

Given the illicit nature of most production of these crops (it is not an illegal activity in all cases, for example in the Plurinational State of Bolivia and Peru the production of coca is legal under certain conditions), it is difficult to calculate how many people are involved in this activity. However, considering that there were 213 000 hectares of coca crops in the Andean countries in 2015, considerably more than the 153 000 hectares registered in 2003 (UNODC, 2017), and that in Mexico poppy crops cover around 28 000 hectares (UNODC, 2016), it is possible to argue that, given the predominance of small-scale farms, these illicit economies are an important part of the economic sustenance of thousands of rural families.

There is no consensus in the international community on how to deal with this social problem. For example, US international aid for rural development projects is conditional on the eradication of illicit crops, while the German international aid agency maintains that the reduction of the illicit economy should be a consequence of the economic and social development of communities. From this second perspective, making development projects conditional on drug policies and forced eradication can create spaces of social conflict, while the cultivation of coca and poppy represents income for an economically and socially vulnerable sector. This source of income is important in a context of precariousness, even though it is recognized that rural producers of these crops are those who benefit the least from drug trafficking (UNO-DC, 2016).

However, there is a consensus that rural populations that cultivate illegal crops tend to live in conditions of economic precariousness with lack of access to public services. Therefore, countries must accept that it is imperative to address these structural factors and include this population in national development projects.

So far, alternative development programs have not managed to reverse the factors that encourage farmers to participate in illicit economies, such as smallholding, informality in land tenure and trade, and reduced interest in associativity. For this reason, a renewed and effective rural development strategy adapted to each geographical and social context can improve the quality of life of these farmers and reduce the incentives that drive them to participate in illicit economies. In fact, economically stimulating rural territories affected by drug trafficking is one objective of the Peace Agreement recently reached in Colombia, in order to prevent social exclusion from constituting a favourable context for illegal activities.

The lack of educational and economic opportunities, in turn, has led to the explosive growth of illicit activities, such as illegal mining and logging. These activities have added to the violence generated by drug trafficking, in which rural populations also participate (see Box 5).

Considering that violence and insecurity are trends with multiple causes, measures aimed at addressing these causes and their effects must be comprehensive. Otherwise, unexpected effects may occur. For example, in El Salvador, road infrastructure policies implemented with the objective of integrating and developing lagging territories brought with them an increase in violence and insecurity, since gangs of youth extended their influence to these areas (Baires and Dinarte, 2018). Therefore, economic growth and the expansion of infrastructure, without the presence of authorities in the territory to ensure development and security, are insufficient.

6. TO PROMOTE PEACE AND SOCIAL COHESION

Within the framework of the 2030 Agenda (FAO, 2018c), FAO has recognized that agriculture, natural resources, and food security and nutrition can be a source of peace or conflict, crisis or recovery, tragedy or cohesion. As a result, it is essential that the countries of the region recognize that rural development and poverty reduction are not neutral from the point of view of peace, violence and social cohesion. At a minimum, food security, food production and the sustainable use of natural resources must be promoted in populations and territories affected by conflicts and violence, while addressing the specific variables in each case to support the recovery from conflict and peace building.

In Latin America and the Caribbean, social conflict is a result of the dynamics of exclusion and inequality that are based on historical patterns. In this regard, there are three main areas of conflict in the region: social reproduction, institutional, and cultural (Calderón, 2012).

Social reproduction conflicts, which are related to demands for greater well-being and development, are essentially socioeconomic in nature. For their part, institutional demands seek greater legitimacy and effectiveness of public institutions. Finally, cultural demands look to both preserve and adapt the traditions of a certain population. In all countries of the region, the first two types of conflict predominate, with various social sectors calling for better living conditions. The rural-urban imbalance previously discussed is a manifestation of this type of inequality.

These inequalities, in general, are perceived negatively by societies. According to the Latinobarómetro 2013 survey, only a quarter of the population considered the distribution of income in Latin America and the Caribbean, where the richest quintile concentrates 56% of the total income (Calderón, 2012), to be "fair" or "very fair". These perceptions affect the design of national development projects and social cohesion. However, adverse situations, such as poverty and the absence of social services, can promote collective action in order to achieve common objectives. In this regard, "within the framework of participatory policy-making, the empowerment of civil society as a valid and informed interlocutor is particularly relevant" (FAO, 2018a, 5). Strengthening the capacity of organizations allows them to form alliances to facilitate dialogue and create more ambitious development policies.

From a policy perspective, it is important to highlight the demands of social movements and rural organizations that

have promoted a series of changes in the region (Abramovay *et al.*, 2006). For example, in the Andean countries, indigenous movements have led to the recognition of their culture, environmental rights and the right to self-government. Movements of local and regional communities have also been important in promoting the conservation of the rainforest in Brazil and Peru, while family farming movements that are critical of the effects of globalization and the free market have played an important role in Brazil.

Although there is no evidence for the direct impact of social movements on poverty reduction (Bebbington, Scurrah & Bielich, 2011), their participation in political discussions helps to put demands on the public agenda that have been historically ignored in Latin America and the Caribbean due to centralization. This political pressure and mobilization often compensates for the demographic disadvantages of the rural population compared to urban sectors. According to ECLAC (2018), only 18% of the regional population lives in rural territories, which implies a relatively low weight in the electoral roll and lower political participation considering that this small proportion of the population represents 41% of the total population in extreme poverty in the region. This factor represents a disincentive for politicians and heads of national institutions to adopt rural development as their own cause, which makes local political organizations important partners in the promotion and stregthening of rural development that is inclusive and respectful of local realities.

It is also important to recognize the role of associations and cooperatives of producers in increasing economies of scale, as well as obtaining credit that helps to increase the productive capacities of their communities. These entities serve as platforms for small and medium producers to participate more effectively in local, national and international markets. As a result, they are considered key elements in rural development, facilitating collective action to face the imbalances of the market that affect economic growth with varying impacts. This not only has a positive impact on the well-being of producers, but also on food security in countries, since production of various foods —such as coffee, milk and sugar (FAO, 2018d)— on a global level usually falls to members of these organizations.

In the early 21st century, three levels of cooperative development were identified in the region (Coque, 2002): consolidated cooperativism, but with limited size (Argentina, Brazil, Colombia, Costa Rica and Honduras), latent cooperativism (Ecuador, Mexico and Bolivarian Republic of Venezuela) and involuted cooperativism (Chile and Peru). Although in each country, or even each sub-national space, there have been different levels of success and institutional consolidation, producer organizations in the region have generally not been able to foster a sense

of loyalty in their members (Mora, 2017). In this regard, the granting of loans and training services by these organizations to rural producers is more an exception than the rule. As a result, associations and cooperatives do not usually differentiate themselves from middlemen, who in many cases are informal and can offer more attractive prices by not paying taxes.

Cooperatives and associations are only effective when the benefits of participating in these organizations are greater than the costs (Berdegué, 2000). When they are not, becoming a free rider is a highly probable alternative. In this regard, the strengthening of the productive, institutional and management capacities of these organizations must be a key element in rural development policies. However, this does not imply that the creation of these organizations is necessarily the most effective means of development. Another factor to consider is that cooperatives and rural organizations in general still face the challenge of incorporating the rural poor. In fact, producer cooperatives tend to be formed by larger producers, with fewer information gaps, less territorial isolation and greater economic capacity to invest. The challenge, therefore, is to generate specific innovations together with regulations, procedures and incentives to encourage the participation of the poorest producers in these cooperatives.

For example, cooperatives tend to be more efficient in producing products that require certifications, such as organic crops. In the case of widely produced crops, such as potatoes, specialized cooperatives are not the most viable option (Berdegué, 2000). In other words, these organizations must be attuned to market signals but, without them, the sustainability of rural development remains uncertain, especially in contexts of crisis and economic slowdown.

Finally, although producer organizations tend to have the economic objective of increasing and improving production, the productive dimension is only one aspect of these organizations. Cooperatives and associations are also allies in ensuring the sustainable use of natural resources. In the case of the certification of certain products that are highly demanded internationally, and that have higher than average prices, many organizations request that production be carried out by associations of producers who use environmentally friendly practices, such as the sustainable use of water resources and not using harmful inputs in the production process, among other criteria.

For these reasons, producer organizations not only play an essential role in the reduction of rural poverty, but they are also important actors in environmental conservation and in achieving food security in the region.

7. TO PROMOTE THE SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES AND CLIMATE RISKS

There are many reasons to reduce rural poverty. The rural poor are concentrated in remote territories characterized by their ecological fragility (Barbier, 2010 and 2012), which is a common pattern in much of the developing world: in North and East Africa, Sub-Saharan Africa, Southeast Asia, and Latin America and the Caribbean. In fact, at the beginning of the 21st century, more than five billion people lived in these vulnerable areas. As of 2000, approximately 13% of the total population of Latin America and the Caribbean lived in these territories, or around 68 million people.

Based on the assumption that two thirds of the rural poor and extreme poor in Latin America and the Caribbean live in environmentally fragile areas (Barbier, 2010), an estimated 47 million rural poor and extreme poor live in territories with these characteristics. As a result, it is essential that sustainable management of natural resources be one of the main axes of rural development policies, and that disaster management strategies include the reduction of rural poverty.

If this does not occur, there is a risk that "poverty traps" will remain, thereby limiting the possibilities of overcoming the situation of vulnerability in which millions of people in the region find themselves.

In addition, the rural poor are more dependent on natural resources. The unsustainable use of these resources and/or the lack of risk management strategies, including social protection programs (conditional cash transfers, insurance and others), will inevitably result in the loss of one of the main economic assets of these territories. This could increase, or intensify, the vicious cycles of poverty and exclusion in the region and jeopardise its future.

As a result, the protection and sustainable management of natural resources in rural territories should be a priority for governments and civil society in Latin America and the Caribbean. The challenge is for environmental policies to consider the economic needs of the rural population living in poverty. Without sustainable social and productive inclusion, any environmental initiative will lack viability in the long-term. Thus, it is necessary to reconcile the economic needs of the population with an agenda for the conservation of ecosystems.

Reconciling these demands is particularly important for the poorest population in rural territories, since "the eradication of hunger and poverty and the sustainable use of the environment depend to a large extent on the way in which people, communities and other groups gain access to land, fisheries and forests" (FAO, 2012, iv). These resources are also a source of food and protection, as well as essential elements in religious, cultural and social practices.

In this regard, it is important to highlight the notion of "land governance", which refers to a set of "rules, processes and structures through which decisions are made about the use of and control over land, the manner in which the decisions are implemented and enforced, and the way that competing interests in land are managed" (Palmer, Fricska & Wehrmann, 2009, 6). That is to say, it is a concept that includes political, social and cultural dimensions, which can be very useful in promoting economic development that is free from conflicts that may affect its long-term sustainability¹⁸.

The implementation of land governance schemes recognizes that inequalities stem from long-standing historical processes, which have fostered the existence of vulnerable populations, such as indigenous peoples and women. In any potential negotiation regarding the ownership and use of a specific territory, these traditionally relegated sectors will have less influence that large corporate interests, thereby allowing the possibility of an unfair final decision. To avoid this situation, non-discrimination, gender equality, respect for the rule of law and consultation and participation are essential elements in land governance (FAO, 2012).

8. TO FACE ONE OF THE MAIN STRUCTURAL CAUSES OF MIGRATION

In recent years, debates on territorial development have made international migration the highest political priority in the global platforms of the United Nations, regional organizations and in different countries of Latin America and the Caribbean.

This discussion has focused on the urgency of resolving humanitarian conflicts caused by mass migration, as well as improving the organization and security of migration, the regulation of international remittances, and the strengthening of social, economic and environmental conditions in territories of origin.

In Latin America and the Caribbean, these debates have taken different forms, especially with regard to the explosive increase in the migratory flow from Bolivarian Republic of Venezuela to countries in South America and border areas, and the discussion about immigration regulation, security and basic rights of human mobility from Central America and Mexico to the United States.

In this context, a new cycle of policies for the effective reduction of rural poverty in the region will help to address one of the structural causes of migration, which is the lack of opportunities in territories of origin due to poverty and the related increasing levels of citizen insecurity and environmental vulnerability that plague rural territories in Latin America and the Caribbean; as well as to take advantage of the potential of safe and orderly migration processes for the reduction of rural poverty (FAO, 2016b and 2018e).

As discussed in previous sections, the rural transformation of the region during recent decades has generated rural poverty processes that are part of the underlying causes of migration from rural territories. These include the relatively low competitiveness of wages in the agricultural sector, the low coverage of social protection, the scarce provision of local infrastructure, the increase in risks of agroclimatic disasters and catastrophic events, the degradation of biodiversity and new forms of citizen insecurity, which have led to the migration of the rural population, especially rural youth, to other territories and even abroad.

The relationship between rural poverty and migration develops through different bidirectional forces, whose magnitude and direction depend on the local spatial, economic and political environment, and can affect rural territories at the level of the household, community or nation.

At the household level, migration can mean the loss of an important part of the workforce in the agricultural and non-agricultural sectors (given that those who migrate are usually young people, with greater physical capacity and relative educational level). In agricultural households, this may imply adaptation to production and marketing strategies that are less demanding, but less profitable. On the other hand, migration could positively affect the income and livelihoods of rural households through cash remittances,

¹⁸ As seen in the next chapter, FAO (2012) has proposed the Voluntary Guidelines on Responsible Governance of Land Tenure, Fisheries and Forests in the Context of National Food Security, a set of general principles for responsible governance of land tenure, including: granting recognition and respect for all legitimate landowners and their tenure rights; promoting and facilitating legitimate tenure rights and providing access to legal procedures to address violations of tenure rights, among others.

TABLE 7. WEIGHT OF REMITTANCES AND VALUE-ADDED OF AGRICULTURE IN THE ECONOMIES OF EL SALVADOR, GUATEMALA AND HONDURAS (2017), % OF GDP

Country	Remittances	Value-added agriculture
El Salvador	16.6%	5.9%
Guatemala	10.3%	10.1%
Honduras	18.2%	12.9%

Source: Canales and Rojas (2018), and World Bank (online).

easing liquidity constraints and eventually contributing to more risky and profitable economic strategies. However, the net impact on the household of migration depends on a large number of factors, weighing the loss of workers with the possible benefits through remittances, together with other elements such as environmental risks, insecurity and access to secondary markets and policies.

At the community level, migration and use of remittances in rural territories could eventually have multiplier effects on the local economy and, in the case of returned members of the community, the use of new skills and participatory tools in the communities of origin. However, all this depends on economic and social factors, such as the presence of markets and the levels of insecurity and conflict.

security and nutrition both in the areas of origin and destination. Mass migration and the associated loss of assets can affect economic development, including the development of rural territories, not only in the country of origin, but also in the destination countries, which are mostly also developing countries with a broad set of social problems and limited resources.

At the national level, international migration can play an important role in the national balance of payments and macroeconomic strategies. For example, in the case of the three countries of the northern triangle of Central America, remittances from abroad exceed, in some cases by a lot, the contribution of added-value agriculture to GDP (see Table 7). This represents both an opportunity and a risk for rural poverty, since although there may be immediate impacts of remittances on the income of rural households, possible interruptions in the flow of remittances or financial shocks could expose rural households predominantly dependent on remittances to greater risks of falling into poverty, particularly if there are no strategies for diversification of income or productive agricultural inclusion.

On the negative side, forced migration in the case of protracted crises¹⁹ disrupts rural livelihoods, threatening food

¹⁹ Caused either by the permanence in time of the lack of social and economic opportunities, environmental and humanitarian crises or conflict and insecurity.

Finally, beyond the analysis of the costs and benefits of migration for households, communities and countries in the short and medium-term, the eradication of rural poverty through a territorial approach poses the challenge of integrating the following considerations that are closely linked to the sustainability of migration:

First, it should be highlighted that for those segments of the rural population that can afford the processes of national or international migration, this is not necessarily an option for their development, but a strategy of survival and risk management in the absence of other options in their own territories. In fact, there are rural territories in the region that are net senders of migrants due to the lack of socio-economic opportunities, insecurity and environmental vulnerability (FAO, 2018f).

Second, for many households living in poverty and rural indigence, international migration continues to present insurmountable economic entry barriers, which means certain segments of the population remain in poverty traps in territories that are highly degraded in demographic, productive, social and environmental terms. It also means the emergence of illegal economies, precariousness and labour exploitation, and organized crime to cover, at a lower cost than the formal channels, the processes of national and international migration from rural territories, perpetuating poverty traps and the victimization of rural populations living in poverty.

Third, the rural territories with the highest rate of emigration to cities or abroad (especially by young people and rural women) can present problems of "generational change", giving rise to more accelerated processes of demographic aging in comparison to other urban and rural territories. This aging and less qualified human capital could eventually be a factor that could negatively affect the level of investment in the territories, and as a result their possibilities for economic revitalization.

In a scenario in which the risks of poverty, environmental vulnerability and insecurity are contained through appropriate and comprehensive strategies, migration from rural territories can be a voluntary option for rural inhabitants insofar as it can be achieved through safe channels and in an orderly manner.

The opening of greater economic, social and cultural links between rural and urban areas, and between rural areas and abroad, would enable the countries of the region to make migration a factor in the inclusive and sustainable development of their rural territories. Safe and orderly migration should be both a cause and a consequence of the reduction of rural poverty in the countries of Latin America and the Caribbean.

In this regard, it is important to integrate policies linked to all stages of migration into decision-making processes related to national strategies for the elimination of rural poverty. To this end, greater coherence must be achieved between migration policies and the policies discussed in Chapter III of this Overview for the achievement of inclusive and sustainable agricultural systems, expanded social protection, sustainable management of natural resources, the implementation of infrastructure packages and comprehensive strategies for rural non-farm employment.

9. TO CLOSE URBAN-RURAL GAPS

As previously discussed, urban-rural imbalances can be approached from different perspectives.

From a welfare perspective, poverty rates are explained by the level of income of the population. For this reason, it is important to recognize that in Latin America and the Caribbean there is a wide difference between the wages of rural workers and urban workers. For example, in 2015, the average labour income at the rural level was USD 363, compared to USD 804 in urban areas (ECLAC, 2018). This difference is shown in the urban-rural imbalance and the evolution of poverty discussed in the previous section.

However, this is not the only relevant economic gap. Poverty also manifests itself in higher levels of uncertainty in regard to social security. In the region, the percentage of the rural population affiliated with a pension system is historically considerably smaller than in urban areas (ECLAC, 2018).

However, between 2002 and 2015, there was a significant increase in the number of people affiliated with a pension system in the rural sector in Latin America and the Caribbean. Over that period, the percentage of people aged 65 and over who received pensions increased from 33.9% to 67%, thanks to the implementation of non-contributory pension schemes. At the urban level, the increase was from 58.4% to 70.1%. Despite this, in 2015 there was still an urban-rural disparity in the amounts of the monthly average pensions received by people aged 65 or older, with pensioners in urban areas receiving an average 47% more than those in rural territories. Clearly, the very low coverage of social protection mechanisms in the rural population creates uncertainty in relation to the future of this sector, as the aging population faces limited work capacities.

TABLE 8. URBAN AND RURAL POPULATION AFFILIATED WITH A PENSION SYSTEM IN LATIN AMERICA AND THE CARIBBEAN (%, 2002-2015)

Year	Urban	Rural
2002	43.9	13.5
2008	49.1	18.1
2015	54.7	22.2

Source: FAO, based on ECLAC data (2018).

From the perspective of well-being, the imbalance has persisted. In 2012, in most countries of Latin America and the Caribbean, rural populations were predominantly multidimensional poor (Santos *et al.*, 2015). The reduction of this imbalance, as long as it is for the social and economic development of both urban and rural territories, does not only benefit the rural population.

Through greater rural territorial development throughout the region, the incentives to migrate from rural territories to the city will be reduced; and, consequently, the same occurs with the probabilities of labour competition and access to services in urban areas.

In parallel, rural territories avoid losing human capital, especially young people who are more likely to initiate changes in production methods, and prevent the aging of the rural population, which is an issue that may limit the development potential of a territory in the long-term.

Considering that emigration is not always a solution for rural poverty, but rather a displacement of precariousness from rural to urban areas (Janvry, Araujo and Sadoulet, 2002), especially in the case of the first generation of migrants, it is usually linked to the marginalization, overcrowding and discrimination facing a certain segment of the urban population, as well as the collapse of municipal services. Therefore, "the capacity of countries to design and implement public policies that seek to revitalize rural territories should be strengthened, thereby reducing migratory

pressure and generating, at the same time, opportunities for economic reintegration for the most vulnerable sectors" (FAO, 2018a, 6).

Finally, it is important to reiterate that the significant reduction in poverty since the early 21st century was the product of the combination of economic growth and targeted social policies. Although income redistribution —such as conditional cash transfer programs— has helped vulnerable sectors to participate in markets, economic growth remains an essential condition to eradicate poverty.

As a result, it is necessary to reflect again on the nature of economic growth in the region. It is true that a significant percentage of the rural sector has increased their income due to favourable national and international economic contexts, which has resulted in the reduction of rural poverty. However, it is also true that the main beneficiaries of the recent agricultural boom were the medium and large-scale producers located in territories with comparative advantages, and with greater links to external markets (da Silva, Gómez and Castañeda, 2010).

To reduce the asymmetrical effects of economic growth, it is necessary to support a policy agenda linked to the improvement of existing conditional cash transfer programs focused on small-scale agriculture producers and conditions of rural employment (both agricultural and non-agricultural), which is characterized by high rates of informality (see Box 6).

BOX 6. INFORMALITY OF RURAL EMPLOYMENT IN LATIN AMERICA AND THE CARIBBEAN

Rural territories of Latin America and the Caribbean are characterized, to a greater extent than urban areas, by thousands of micro-enterprises and small businesses with low productivity, precarious employment, insufficient salaries to cover basic needs, and low coverage of social benefits (FAO, 2015a). In 2015, the average annual income of a worker in the rural sector of Latin America and the Caribbean was USD 363, considerably less than the USD 804 in urban areas (ECLAC, 2018). Precarious, informal work and low wages mean that poverty rates in the economically active population of rural territories of the region are considerably higher than in urban contexts (ECLAC, FAO and IICA, 2013).

Thus, in 2010, the percentage of rural poor in the informal sector ranged between 55% and 98% in the region, although levels differed by country. In addition, the percentage of the rural population that worked in the informal sector, that is wage earners without a contract, was overwhelmingly the majority in countries such as Par-

aguay (between 80% and 85%), Guatemala (84%) and El Salvador (84%). However, in Chile (25%) and the Oriental Republic of Uruguay (29%), this percentage was notably lower (ECLAC, FAO and IICA, 2013).

There is a clear and significant link between rural poverty and labour informality. Having a job is not necessarily synonymous with decent work or income that allows for minimum conditions of development. The high rate of informality in rural economies in Latin America and the Caribbean, especially in employment, is explained by poor public services, lack of capacity to implement and enforce regulations, as well as excessively cumbersome legal procedures that generate disincentives.

Therefore, the initiatives undertaken by countries of the region should not only aim to guarantee higher levels of employability, but also to ensure the quality and basic conditions of employment. The agriculture sector, with its large informal labour supply, is an important part of the problem and deserves special attention.





CHAPTER 3
FIVE AREAS OF
ACTION TO
DEVELOP
POLICIES TO
ELIMINATE
RURAL
POVERTY

FIVE AREAS OF ACTION TO DEVELOP POLICIES TO ELIMINATE RURAL POVERTY

KEY MESSAGES

- The reduction of rural poverty in the region during the last three decades shows that it is possible to eradicate poverty and hunger.
- This chapter proposes five key action areas to reduce rural poverty: more sustainable, inclusive and efficient agricultural sectors; extended social protection; natural resources management and environmental sustainability; non-agricultural rural employment and integrated infrastructure development.
- The five areas aim to promote both the growth effect and the distributive effect, which are the main factors that have led to the significant reduction of rural poverty since the beginning of the 21st century.
- The good news is that there are public policy experiences in these five areas in the region that have shown to be efficient in reducing rural poverty. The evidence also shows that the implementation of these policies from a multi-sectoral perspective substantially increases their effectiveness.
- Policy actions with positive effects on the reduction of rural poverty also have an institutional dimension. For this reason, the success of public policies also lies in the technical and political capacities of the different levels of government, public and private organizations and civil society organizations present in rural territories.

The stagnation of rural poverty reduction in Latin America and the Caribbean, as well as the persistent gaps with respect to urban areas, should make closing these gaps a priority in national public policy agendas in the region. Considering that in recent years there are signs that rural poverty has begun to increase again, the need to take action is urgent.

But how should this problem be approached? In Latin America and the Caribbean, policies have been implemented that have partially reduced rural poverty. As discussed in Chapter 1, the relative success of these policies was due to the conjunction of important economic growth rates with sectoral, social and investment policies focused on those territories and rural populations that are disconnected from production chains and markets (ECLAC, 2018).

This chapter reviews the actions that have contributed to the process of rural poverty production in terms of five key areas: more sustainable, inclusive and efficient agricultural sectors; expanded social benefits; sustainable management of natural resources; rural non-farm employment; and finally, integrated infrastructure development. These multiple lines of action could contribute to addressing the complex social problem of rural poverty (see Figure 11).

FIGURE 11. FIVE ACTION AREAS TO RENEW THE POLICY CYCLE IN ORDER TO ELIMINATE RURAL POVERTY IN LATIN AMERICA AND THE CARIBBEAN

Efficient, inclusive and sustainable agriculture sectors	Extended social protection	Sustainable management of natural resources	Non-Farm Rural Employment	Integrated infrastructure packages	
From investment in private goods to investment in agricultural public goods	Protect and increase the coverage of social protection for the rural population throughout	Strengthen the resilience of rural populations	Promote urban-rural links, private investment and the provision of basic infrastructure	Increase and intensify public investment in territorial assets	
Secure land rights	the different stages of their life cycle		Promote the linking of agriculture with markets for goods and related services	Promote the integrated development of territorial assets associated	
Inclusive and pluralistic rural services	Foster synergies		Promote public programs and projects with	with human capital, production and infor- mation and telecom-	
More and better information for the	between social protection policies and productive sectors to	Link poverty reduction policies with the ma- nagement of natural	their own budgets and regulations	munications services	
agricultural sectors	achieve comprehensive protection and	resources and environ- mental sustainability	Promote programs and projects in new areas	Foster linkages between infrastructure packages	
Risk management in agricultural sectors	promotion routes		beyond rural tourism, handicrafts and public works employment	and associated public services	

Source: FAO.

The success of these actions lies in the dialogue established through mechanisms of inter-ministerial coordination, in order to avoid the "atomization" or "compartmentalization" of public policies (FAO, 2018a). These synergies should be focused on lagging rural territories, without neglecting the potential of links between rural and urban areas, since the territorial dimension is an essential element in the design and implementation of public policies.

As shown in Box 7, in order to face the challenges in rural territories, the development of public policies should incolve the participation of social, economic and political actors, while territorial alliances should also be strengthened. Alliances of this type help to minimize the possibility that "a series of informational, organizational, and political-administrative restrictions" (Dussauge, 2012, 51) may affect the viability and effectiveness of policies.

BOX 7. TERRITORIAL COALITIONS AND THE POLITICAL DIMENSION OF RURAL POVERTY REDUCTION

Various public policies are needed to reduce rural poverty. When designing policies aimed at mitigating the causes of rural poverty, planners often look for successful experiences in different countries or regions. However, even though successful international experiences can be a source of optimism, considering them outside of their context may lead to misunderstandings or ignoring the political dimension of public policies.

The devleopment of any policy aimed at territorial development is far from being a simple process free of tension. For this reason, it is important to consider the arguments, interests and strategies used by different actors in the territories, and how these come together in the search for a common goal. When this convergence occurs, territorial alliances can be created.

Such an alliance is a set of "actors from a wide variety of institutions that share the same core political beliefs and that coordinate their behaviour in different ways" (Sabatier and Jenkins-Smith, 1999, 30). In Latin America and the Caribbean, there are territorial alliances of different types, which have achieved positive, although varying results in

the reduction of rural poverty (Fernández et al., 2014).

Some of these alliances have mainly sought economic growth, such as the alliance of the salmon industry on the archipelago of Chiloé in southern Chile, which was initially formed in the 1970s by the central government and the salmon industry.

There are also alliances that promote greater participation by the rural population in political decisions of the territory, such as associations formed by small rural producers in the Jiguiricá Valley in the Brazilian state of Bahia.

There are also alliances that combine the goals of economic growth and social and political inclusion, such as the alliance of small and medium-sized rural companies of Tungurahua in Ecuador.

These experiences in the region, among others, show that not only is the participation of different actors important but also that the existence of alliances does not necessarily imply inclusive and environmentally sustainable economic growth. Therefore, the political dimension is key in the design and implementation of public policies, because it helps to recognize social inequalities in each context.

Finally, it is worth reiterating that without economic growth, any other measure to reduce rural poverty will only have marginal effects, and even run the very high risk of not being sustainable over time due to insufficient fiscal resources. As a result, policies that promote economic growth should be a priority for any country that intends to reduce monetary and multidimensional poverty.

However, it should be noted that, as the International Monetary Fund (IMF) has stated, societies with lower levels of inequality increase their possibilities of growth (Dabla-Norris *et al.*, 2015). In other words, high levels of inequality can inhibit potential growth.

Reducing inequalities, then, is not only a matter of social justice, but also a key variable for economic growth. Thus, economic and social policies should not be seen as competing or mutually exclusive, but as two sides of the same coin.

FAO has identified five action areas which have already been shown to be effective in reducing rural poverty in different countries of Latin America and the Caribbean. The countries of the region have the opportunity to adapt these experiences to their own rural territories and implement them in a comprehensive manner.

However, in order to maximize the positive impact of the measures suggested below, the challenge is to design actions that combine these five areas to improve the progress towards the elimination of poverty.

Some of the policies and actions outlined in this chapter are examples to show that it is possible to take effective action. Their design and proven results mean they are experiences that can be replicated by other countries in Latin America and the Caribbean.

Regardless of the impact of economic growth on the reduction of poverty in rural populations, it is not enough to invest financial and organizational resources in poor households, but also in the territories where these households are located. In other words, countries should "offer the necessary incentives and stability to stimulate investments in the territories that contribute to strengthening the economic fabric and generating business opportunities and economic insertion for rural populations" (FAO, 2018a, 6). This highlights the importance of implementing integrated policies with a territorial approach, which is shown by initiatives such as 100 Hunger and Poverty-Free Zones in Latin America and the Caribbean (see Box 8).

BOX 8. 100 HUNGER AND POVERTY-FREE TERRITORIES IN LATIN AMERICA AND THE CARIBBEAN

Eradicating poverty and hunger is a difficult task, but not impossible. At the beginning of this century, the region showed significant rates of poverty reduction and extreme poverty, but as the years went by it became apparent that economic growth had a more limited impact in some territories where pockets of "hardcore" poor persist.

Considering that millions of people in the region still live in conditions of precariousness, the Community of Latin American and Caribbean States (CELAC) has launched

the project 100 Hunger and Poverty-Free Territories in Latin America and the Caribbean.

The objective is to improve the policies and programs implemented in recent years and concentrate resources and efforts in 100 territories where there is a the high number of people suffering from hunger and malnutrition. This will help to accelerate compliance with the targets associated with SDGs 1 and 2, which would enable governments of Latin America and the Caribbean to fulfill their responsibilities to their people and keep their commitments at the international level.

1. MORE EFFICIENT, INCLUSIVE AND SUSTAINABLE AGRICULTURAL SECTORS

Latin American rural territories have changed in recent decades, and will continue to change rapidly in the years to come. Within these territories, the role and importance of agriculture has also changed, as the weight of non-agricultural activities in the region's economy has grown. Of the 16 countries in the region analyzed in the Rural Development Report of the International Fund for Agricultural Development 2016 (IFAD, 2016), 10 have productive structures where non-agricultural sectors represent more than 90% of GDP; four between 80% and 90%; and two between 70% and 80%. Between 1990 and 2014, the contribution of agriculture to the economies of the region fell²⁰. For example, during this period in Mexico, the contribution of agriculture to GDP went from 7.8% to 3.5%; in Dominican Republic, it fell from 14.5% to 6.2%; and in Ecuador from 21.4% to 9.4% of GDP (IFAD, 2016). The latter is explained because other sectors grew at higher rates than agriculture.

According to the Outlook for Agriculture and Rural Development in the Americas (ECLAC, FAO and IICA, 2015), in the period 2006-2011 there was significant growth in the agricultural sector, which was largely explained by higher productivity. The Gross Value of Agricultural Production of the region grew at an annual rate of 3.2% between 2006 and 2011, mainly as a result of increases in productivity

In this scenario, between 2002 and 2012 the increase in agricultural productivity and high prices of agricultural products resulted in better incomes for workers in many countries of the region. However, when analyzed together with labour income relative to other branches of economic activity, the increases in revenues linked to the sector are relatively small and insufficient to close the gaps with other economic areas of activity (see Table 9). In addition, part of the increase in productivity is explained by the lower number of workers engaged in agricultural activity in rural territories and by the growth of large-scale agro-export agriculture.

In this regard, it is important to highlight the different impact according to the occupational category of the agricultural sector. There are indications that suggest that this improvement was not homogeneous, both intra-sectorally and by country.

For example, in Brazil, between 1990 and 2005, income growth was 31% for the agricultural wage-earning sector, but there was a decrease of 9% in income of self-employed farmers. In the case of Chile, between 1990 and 2006, salaried workers increased their income by 49%, and self-employed farmers by 34%. Also, in Paraguay, between 2000 and 2005, salaried agricultural workers received a 16% increase in income, while self-employed workers saw a 52% rise (Valdés *et al.*, 2010).

with significant differences between countries²¹ (ECLAC, FAO, IICA, 2015).

²⁰ Of the 16 countries studied in IFAD (2016), only Paraguay registered a greater share of GDP in 2014 compared to 1990).

²¹ The text emphasizes that although there is no information for some countries, it should be noted that productivity increased in at least three countries in that period: Jamaica, Brazil and Peru, in which the productivity growth rate more than doubles the average annual growth of the region.

TABLE 9. INDEXES OF RELATIVE AVERAGE LABOUR INCOME IN LATIN AMERICA AND THE CARIBBEAN (2002-2012)

Sector	2002	2012
Agriculture	59	60.2
Mining	146.7	142.8
Retail, restaurants and hotels	100.7	99.4
Financial services, real estate and business services	171.4	162. <i>7</i>

Fuente: Weller (2016).

This illustrates why it is not possible to establish a single narrative for the region regarding the productivity and income of the population employed in the agricultural sector. Different realities merit different policies (FAO, 2018a). However, there is a common denominator in the countries of the region: the low average productivity when including in the analysis the broad socio-productive segment of the workforce in the agriculture sector. This factor obviously has a direct impact on the possibilities for reducing monetary poverty.

The transformation experienced by the region's agriculture sector has also led to substantial changes in the weight of agriculture in the income of rural inhabitants —incomes have become more diversified and non-agricultural incomes have gained ground as a share of the total income of rural households.

In Latin America and the Caribbean, between 1990 and 2002, the average annual growth rate of agricultural employment was 1.3%, less than the 3.1% increase in total employment (see Table 10). Subsequently, between 2002 and 2012, the average annual regional rate of agricultural employment growth decreased to 0.7%, also much lower than the 2.6% variation in total employment (Weller, 2016).

Between 1990, when the "lost decade" in Latin America ended and the "transformation decade" began, and 2012, which marked the end of the commodities boom, the participation of agricultural employment in total employment decreased from 21.7% to 17.5% (Weller, 2016).

Further analysis reveals that, in 2012, 14.9% of jobs in the agricultural sector corresponded to unpaid family workers, 43.1% to the self-employed and 34.8% to salaried workers (Weller, 2016). Compared with other sectors, there is a

higher relative participation of unpaid family workers — mainly women and youth— and the self-employed.

In fact, in terms of total employment, the proportion of unpaid family workers and self-employed was much lower: 6% and 30%, respectively.

During the decade of the *commodities boom*, which included agricultural commodities, the productive structure of the sector changed relatively little. Thus, commercial agriculture (salaried workers) increased its participation in the employment structure, while microenterprises of producers, associations and agricultural cooperatives decreased their share of total employment. For their part, "self-employed workers benefited from good agricultural prices and improved their incomes with respect to the average labour income in the agricultural sector. However, their income did not increase as much as that of self-employed workers in other economic sectors" (Weller, 2016, 99).

As a result, today agriculture is more productive in aggregate terms, with positive growth rates and slightly better incomes, but with a lower share in national economies and in the incomes of rural inhabitants. Of course, while this situation is true across the region, there are significant differences in each country.

However, despite the relatively minor importance of agriculture in national economies, agriculture remains central to rural economies because of the employment it generates, its production and value chains, its participation in the calendar of annual economic, social and cultural activities, and the livelihoods it provides for the rural population.

Family farming, as the central unit of food production in many territories and countries, is still important and is not

TABLE 10. ANNUAL GROWTH OF AGRICULTURAL AND TOTAL EMPLOYMENT IN LATIN AMERICA AND THE CARIBBEAN

Country	Growth in agricultural employment	Growth in total employment
Plurinational State of Bolivia	-1.2	3.9
Brazil	2	1.6
Chile	0.2	2.8
Colombia	1.2	2.8
Costa Rica	0.7	2.5
Ecuador	0.1	1.2
El Salvador	2.1	1.5
Guatemala	2	1.9
Honduras	2.9	3.1
Mexico	-0.7	2
Nicaragua	5.2	4.4
Panama	1.4	3
Paraguay	0.5	3.8
Peru	-0.9	2.5
Dominican Republic	1.4	2.5
Oriental Republic of Uruguay	-1.9	1.6
Bolivarian Republic of Venezuela	0.1	2.5
Average	0.7	2.6

Source: Weller (2016).

at risk of disappearing. An example of its importance in the sector is that, at the beginning of the second decade of this century, there were an estimated 15 million family farming production units in the region²².

It is worth noting that, in demographic terms, the subsistence of approximately 60 million people depends to a large extent on this economic activity, the majority of which live in rural territories²³.

Family farming represents just over 80% of agricultural production units in Latin America and the Caribbean (Schneider, 2016), and is the main source of employment in the agricultural and rural sector. It is also worth noting that,

between 1980 and the early 21st century, the economic growth of the agricultural sector in various regions of the world resulted in better incomes for the poorest families (Ligon y Sadoulet, 2008). In a study by Schneider and Cassol (2014) of eight countries of the region, the importance of income derived from family farming varies among countries of Latin America and the Caribbean. For example, in countries such as Chile, it was estimated that 27% of average income comes from family farming, compared to 38% in Colombia, 47% in Mexico and 75% in Nicaragua.

The agricultural sector —which includes activities such as farming, livestock, hunting, forestry and fishing— despite being one of the pillars of rural economies, usually has lower levels of productivity and wages compared to other economic activities. Berdegué and Fuentealba (2014) estimate that two thirds of family farmers in the region, more than 10 million productive units, face severe limitations that prevent them from increasing their productivity and profitability. The lack of quality education services, lack of

Berdegué and Fuentealba (2014) estimate that in 2000 there were 15 million family farmers in the region and Leporati *et al.* (2014) estimate that by 2010 there were 16.6 million farms.

²³ Considering the average size of households.

market linkages, infrastructure deficits, high levels of informality, low access to credit, limited coverage and adequacy of social protection systems, information gaps and the economic barriers faced daily by the rural poor are some of the factors that explain this precarious situation.

Therefore, within the framework of any strategy aimed at eliminating poverty, the objective should be to promote multisectoral measures that guarantee more efficient, inclusive and sustainable agricultural sectors (FAO, 2018a). This long-term process will make it possible to obtain environmental, economic and nutritional benefits not only for family farming units and small and medium-sized enterprises in rural territories, but for society as a whole. The eradication of poverty and extreme poverty does not depend exclusively on the development of the agricultural sector, but without a substantial improvement in this sector, especially the capacities of small producers, it becomes an unfeasible objective.

Yet despite the importance of agriculture, the tendency towards a decline in its relative share of the economy may generate the mistaken idea that it is an increasingly unimportant productive activity. This conclusion could have highly negative economic and social implications, not only because of the number of family units that depend on this economic activity, but also because of its importance in guaranteeing national food security through the provision of agricultural goods for both rural and urban areas (Soto, Rodríguez and Falconi, 2007).

This means that the failure of the agriculture sector could potentially mean an increase in food costs (FAO, 2016c), which would reduce the purchasing power of families settled in urban areas and also of rural families, since small producers are mostly net buyers of food. The crisis, then, would not only manifest itself at the individual level, but also at the level of local economies, given the lower flow of capital in the territory.

This is not the only reason why public policies should prioritize agriculture. Another argument in favour of promoting this sector lies in the positive effect of agrarian activities on other activities and national income. The logic is as follows: the increase in farmers' income can be extended to non-agricultural activities through consumption; tax revenues from agricultural activities contribute to national budgets that can subsequently benefit other sectors or help to provide more and better public services; and agro-exports can serve to avoid a reduction of foreign currency in the local market (Johnston and Mellor, 1961). As a result, both directly and indirectly, agriculture helps to promote intersectoral synergies.

Consequently, the promotion of the agriculture sector should not be conceived solely as an objective to benefit a single segment of the population, but rather as a factor that can have a positive impact on the reactivation of local and national economies and improve well-being in general. Considering the arguments above, it is clear that the well-being of rural families depends both directly and indirectly on the evolution of this sector of the economy.

Finally, the reduction of rural poverty also depends on the development of agriculture and related services, such as transportation and production of inputs. That is, the promotion of multiple value chains embedded in the agricultural production process.

The reasons given above should be sufficient for countries to implement policies aimed at addressing the variables that affect the development of agriculture in rural territories. These should focus mainly on family farming, which is the sector that concentrates the highest rates of poverty and the lowest incomes. Even so, despite highly valuable experiences in some countries in the last two decades, there are still no comprehensive and far-reaching policies for small agricultural producers in the region, or any significant reforms that seek to reduce inequality in land tenure (Vergara-Camus and Kay, 2017). This last issue, concerning the governance of natural resources, remains a pending challenge in the region, especially since increasing concentration of land ownership could result in an increase in inequality and/or the risk of food crises. To date in the 21st century, the pattern followed by many governments of the region has been to expand social protection for the rural population and to strengthen to some extent their capacities for production and participation in national and international markets, but without making significant changes in the factors of production of the agricultural sector.

Many rural families have escaped poverty due to positive national and international economic contexts. However, it is also necessary to remember the asymmetrical dynamics of the recent growth related to the agricultural boom. For example, the decrease in rural poverty in the central area of Chile was mainly due to monetary subsidies for the rural poor; in Brazil, on the other hand, the reduction of poverty is explained by social security policies that were implemented in rural territories and also conditional cash transfers, mainly the Bolsa Família program (da Silva, Gómez and Castañeda, 2010).

Medium and large-scale producers of certain crops—such as soybeans, asparagus and some types of vegetables and fruits— were the main beneficiaries of this context, mainly due to their links with the international market. This marks an unequal logic of growth, since not all rural territories have the geographical conditions to produce products with high demand abroad, nor do all producers have assets or enough social capital to take advantage of the opportunities offered by globalization. In summary, economic growth is highly necessary if poverty is to be eradicated, but it is also necessary to promote actions that guarantee that "no one is left behind" in the dynamics of development.

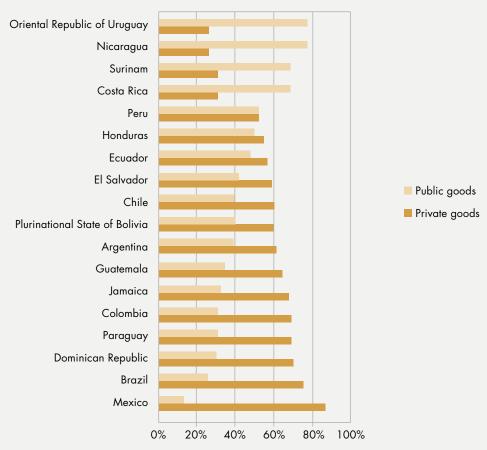
BOX 9. PUBLIC SPENDING ON AGRICULTURE: FROM PRIVATE TO PUBLIC GOODS

Against all common misconceptions, in most countries of Latin America and the Caribbean, public support for the agricultural sector reaches levels similar or superior to those of the United States or the European Union, totaling approximately 0.7. % of GDP (ECLAC, FAO and IICA, 2017). Even countries such as Jamaica (4%), Plurinational State of Bolivia (3.3%) and Nicaragua (2.9%) greatly exceed this percentage. In this regard, public spending on agriculture in the region represents a large part of rural public expenditure in most countries.

There is plenty of evidence that public spending on agriculture focused on the provision of public goods (for example, agricultural health, innovation, infrastructure) has significantly higher economic returns than public spending on private goods, such as subsidies for the purchase of fertilizers and other inputs (Fan, Jitsuchon and Methakunnavut, 2004, Fan, 2008, Acosta-Ormaechea and Morozumi, 2013, Mogues and Benin, 2014). Additionally, direct support to producers through cash transfers has not led to incentives for greater productivity or promotion of intraregional trade (ECLAC, FAO and IICA, 2017).

However, despite evidence that public goods are more effective in improving productivity and income of farmers, a large proportion of the public agricultural budget in the region between 2006 and 2012 was spent on private goods (see Figure 12).

FIGURE 12. DISTRIBUTION OF PUBLIC EXPENDITURE ON AGRICULTURE ACCORDING TO PRIVATE AND PUBLIC GOODS (ANNUAL AVERAGE BY COUNTRY, 2006-2012)



Source: Anríquez et al. (2016)

A study carried out in 19 countries in the region in the period 1985-2014 (Anríquez et al., 2016) shows that a redistribution of 10 percentage points of spending on agriculture destined for private subsidies to public goods could lead to a long-term increase of about 5% in agricultural income per capita (ceteris paribus). As a result, the authors conclude that, although the level of public agricultural expenditure is important, it is the change in its

composition from private to public goods that explains the variation in productivity.

Finally, it should be noted that private subsidies are not only less efficient, but also displace public goods (López and Galinato, 2007), which results in a crucial underinvestment in goods and services related to agriculture that are necessary for sustainable agricultural growth and productivity.

So, what can be done to reduce the obstacles that hinder the inclusive development of the agricultural sector? How should public spending be focused? What actions help to translate agricultural development into sustained reductions in rural poverty?

FAO, and other specialized international agencies such as the International Fund for Agricultural Development

(IFAD) and the Inter-American Institute for Cooperation on Agriculture (IICA), as well as several multilateral organizations that have areas specialized in agricultural development, have proposed strategies for the development of the sector, including family farming²⁴. These must be discussed by each country and evaluated in light of their contribution

not only to processes of territorial development, but above all to processes that result in lower rates of rural poverty.

While it is beyond the scope of this report to analyse all of the proposals, it does call attention to the need to reconsider them with a view to identifying their role and effectiveness in processes of rural poverty reduction. In this regard, five action areas are discussed below, which are often included in proposals for agricultural policies, and which are important for developing comprehensive policies that promote the erradication of rural poverty. The five areas have the following key objectives: ensure that most public spending in agriculture is destined to provide public goods; guarantee secure land rights; ensure the provision of diverse rural services; improve access to more and better information for producers; and, provide innovative instruments for risk management.

The key institutional actors in the public sector for the implementation of these lines of action are the ministries of agriculture and the different executing agencies for initiatives and the provision of rural services (national or sub-national). These institutions must renew their vision, mission and responsibilities by considering the contribution of agricultural development objectives to the reduction of rural poverty. The following boxes (9 to 13) present the arguments in favour of prioritizing these five lines of action.

BOX 10. LAND TENURE SECURITY

Land tenure represents an important pillar in the modernization of the agrarian structure in Latin America (FAO, 2014a), especially in traditional large estates (latifundios).

A report by López, Salazar and de Salvo (2017), specialists from the Inter-American Development Bank, analysed the impact of public policies that have been implemented in different countries of the region aimed at increasing the productivity of the agrarian sector. Their conclusion is that the formalization of land ownership constitutes an important component of agrarian policies. Informality generates uncertainty, which limits the possibilities for producers to access credit in order to strengthen their productive capacities. Thus, the scarcity of financial capital in rural territories is one of the main factors that negatively affects the strengthening of local assets.

In this regard, research conducted in Peru (Nakasone, 2011, Torero and Field, 2005) and Nicaragua (Bandiera, 2007) suggests that government investment in land formalization programs may have a positive effect on rural

property values. Thus, the strengthening of land rights may endow landowners with a greater margin of action and social security, even when other restrictions continue to exist, which could lead to a higher number of working hours and, therefore, a potential increase in rural productivity.

In addition, these policies aimed at developing agriculture can have positive effects in other sectors. It follows that a clear definition of land tenure can also result in better practices of land conservation. In this regard, according to Bandiera (2007), there are more possibilities for landowners to plant trees on their land compared to non-landowners. In other words, stronger land tenure rights could have a complementary effect on environmental and productive variables.

Finally, an important dimension in regard to land tenure lies in paying attention to the processes of foreignization and concentration of land seen in some countries of the region (FAO, 2014b). It is urgent to address both issues to ensure responsible land governance (FAO, 2012).

²⁴ In FAO (2014a), specific recommendations are made for different sub-sectors of family farming, including strategies for the sustainable intensification of production, access to markets and the development of an appropriate institutional framework; Sabourin, Samper and Sotomayor (2015) analyse family farming policies in the 2000s and 2010s and give specific recommendations based on regional experiences; IFAD and the Latin American Center for Rural Development (RIMISP) (2014) carry out a comparative analysis of family farming in different countries of the region and offer policy recommendations based on their specific characteristics.

Of course, there are many different public policies that can promote more efficient, sustainable and inclusive agricultural sectors. According to the studies cited above, the effects of these policies can also be heterogeneous, while their level of impact depends on the capacity of States to ensure that the services and benefits have the scope and quality required for each context. Part of the success depends on the management capacities of the public sector, as well as national and local development agencies, the creation of new and better tax agreements, and the quality of governance schemes in the agricultural sector.

BOX 11. INCLUSIVE AND PLURALISTIC RURAL SERVICES

The region's existing agrarian policies, and their corresponding instruments and services for the rural sector, are largely a legacy of the agricultural development policies of the 1980s and 1990s. These reforms arose in a context of greater economic openness for the development of global agricultural markets, promoting mainly strategies focused on obtaining capital and guided by key principles, such as the development of "client-oriented" hz rural services, institutional decentralization, the incorporation of the private sector in the provision of services and instruments, and the active participation of users in financing (FAO, 2014a).

After nearly three decades of reforms in the institutionality, rationale and provision of rural services in the region, there is still unsatisfied demand for these services from a large variety of rural actors, which have new needs as the result of processes of rural transformation.

Not even demand for traditional services —such as technical assistance and credit— is being met, and now the demands for rural services are greater, more diversified and more specific. Today, the basic basket of services includes innovation and digitalization, along with more and better training and technical assistance services, as well as access to financial services.

Among the causes of the gaps in coverage and adequacy of rural services —especially among the rural population living in poverty, who are often incorrectly seen as being insufficiently productive or innovative— are the agriculture policy reforms of past decades (FAO, 2014a, Beduschi, 2007) and, especially, the weakening of extension and technology transfer services (SETTA).

With respect to the financial sector, rural territories have historically faced low service coverage —high transaction costs, high risks and limited information—leading to the development of low risk, low profitability economic strategies, without high levels of investment or innovation. In spite of advances in financial inclusion at the global level, and the existence of financial technologies that allowproducers to reduce costs, overcome distances and obtain better information, rural territories continue to lag behind. Financial services remain limited and, when available —generally provided by development banks— are limited to credit, leaving access to savings and insurance instruments in a second and third level, which are as or

more important than credit for groups facing high rates of poverty (Villarreal, 2017).

Rural people living in poverty require financial services that cover a wide range of productive and consumption activities, in order to take advantage of the social, productive and environmental attributes of each rural territory, thus moving away from the standardization and centralization in the provision of these services that currently exists in the region (FAO, 2014a).

The limitations in the provision of financial and non-financial services —extension and technology transfer — must be overcome through a new, broader approach that brings the various services that rural agriculture workers require, from digital literacy and business advice to more traditional innovation, extension and financial services. It is urgent to rethink the minimum range of services required by family farmers, as well as the institutional framework or arrangements that can make this offer of services viable.

To overcome these limitations, it is essential to develop public policies for rural services that have the explicit objective of improving the living conditions of rural populations. A new generation of rural services should focus on the promotion of economic diversification, the creation of skills, innovation, productive development and the diversification of services, with the aim of expanding coverage to historically excluded groups, such as youth, women and indigenous peoples (Rodrguez, 2016). SETTA, for example, must move from the hierarchical transfer of knowledge towards a new conception of services oriented towards the demands of producers.

In short, these are not one-way processes, but rather multidirectional processes of learning, reproduction and improvement of techniques and knowledge to expand the capabilities of producers through the development of transfer, extension and technical assistance systems (FAO, 2014a).

Innovation must be present in the institutional mechanisms related to new rural services, in order to improve the access of family farmers to inclusive processes of expansion and development (FAO, 2016d). This process can already be seen at an early stage in some experiences in the region.

There are a few cases where the productive and social sectors have led joint processes to achieve the reduction of

rural poverty, such as the coordination between social protection systems and productive development mechanisms (discussed in the next section).

These socio-productive innovations have taken concrete forms in some countries of the region. For example, Peru has implemented the Haku Wiñay / Noa Jayatai program, through which the Ministry of Development and Social Inclusion (MIDIS) promotes learning and technical assistance programs for community actors, the adoption of simple technologies and the development of business plans for rural families. For its part, since 2016, Chile has integrated the users and services of the Institute of Agricultural Development (INDAP), under the Ministry of Agriculture, into the Social Household Registry of the Ministry of Social Development, which has allowed the use of socio-economic classifications to facilitate access to 39 INDAP programs and projects for rural households belonging to the 70% of

1 This allows the authorities to verify that the person does not own assets over 3 500 Unidades de Fomento (UF) and is in the socio-economic group subject to social welfare benefits (70% most vulnerable households).

most vulnerable households (Ministry of Social Development, 2018).

In addition, Echeverri and Sotomayor (2010) highlight other policies that have promoted the development of sectoral economies for rural territories, such as the "green" agro-export agricultural development strategy of Costa Rica and the agribusiness-driven approach of countries like Mexico and Brazil, where the focus on exports is combined with specific programs for family farming. The emphasis in both cases is on the "push" received by the agricultural sector, although supported by other economic and social activities that together seek to have a greater impact on the dynamics of rural territories.

Another example is the Financing for Development Centers (CFDs) of Honduras under the Ministry of Economic Development, which have been established to promote financing and local trade activities with a focus on those families not eligible for traditional banking services.

BOX 12. MORE AND BETTER INFORMATION FOR THE INCLUSIVE DEVELOPMENT OF AGRICULTURE

Another important pillar to strengthen the rural agricultural sector is improving access to information by producers (López, Salazar and de Salvo, 2017). Far from being perfect markets where agents compete under the same conditions, there is evidence of imperfect competition in agricultural markets. Therefore, access to information can be an important means to reduce inequalities in market participation.

The lack of information on the supply, demand, quality and prices of a product can cause a producer's income to be negatively affected. For this reason, it is necessary to broaden the scope of strategies to promote access to information, which should focus not only on marketing and the development of business strategies, but on providing a broader range of information for rural producers, including about the quality of soils, climate variability and risks, among others. Studies in Peru and Colombia (Nakasone 2014, Camacho and Conevista, 2011) show that greater

access to information on market dynamics, and better knowledge assimilation capacity, can lead to a higher level of income. In the case of Peru, the increase was approximately 15% (Nakasone, 2014).

However, facilitating increased access to information in rural contexts faces a series of difficulties. First, there is generally a lack of access to information and communications technology services, which is linked to the lower level of infrastructure development. Although, as stated in the first part of this report, the level of coverage of ICTs varies according to each country, there is still a wide gap between rural and urban areas.

Secondly, the older generations are not necessarily receptive to this type of proposal, due to technological gaps and deeply-rooted cultural habits. Despite this, the recommendation, based on the evidence, is to persist in this type of policy as it may have a positive impact on a better crop selection and entrepreneurship.

BOX 13. RISK MANAGEMENT IN AGRICULTURE

Policies aimed at improving agricultural productivity in rural territories are especially important considering that climate change will have harmful effects on these economically vulnerable sectors in the region (FAO, 2017c). The rise in temperatures has already produced droughts and more intense flooding, as well as other natural phenomena that directly affect the main assets of the population in rural territories. Moreover, all the forecasts suggest that this is just the beginning, and that the most likely outcome is that the severity of these natural phenomena will intensify in the future.

In this scenario, beyond the management of traditional risks in agriculture, if countries of the region do not take measures to mitigate the impacts of climate change, the cycle of rural poverty will be worsened.

A key policy that is needed is the development of insurance products for rural territories. The objective is to protect producers against a series of contingencies that can negatively affect their income and labour productivity (ECLAC, FAO and IICA, 2017), and offer farmers multiyear or short-term insurance coverage. Unlike a subsidy, this approach has the advantage of protecting a producer whose competitiveness could be affected by factors beyond their control and not by negligence or lack of foresight. Agricultural insurance is a mechanism that reduces uncertainty in farmers' incomes and strengthens the resilience of rural producers (FAO, 2017c and 2018g).

This type of public policy has been tested in many developed countries, including in North America. In Latin America and the Caribbean, there are some initiatives of this type where countries have developed public or private insurance schemes aimed at protecting agricultural production¹. For example, Mexico has made important advances, developing and implementing various agrarian insurance schemes².

For its part, in Brazil there is an insurance market for agricultural activities including farming, livestock, aquaculture and forestry. For the purposes of this report, it is worth mentioning two public initiatives in Brazil where the government subsidizes the premiums and assumes the risks.

Garantía Cosecha (Guaranteed Harvest) is an initiative aimed at very poor farmers in the northeast of Brazil, a territory frequently subject to adverse effects caused by flooding and drought. In this protection scheme, registered producers have their harvest insured by the Federal

government. To receive a subsidised premium, potential beneficiaries must certify that their crops cover between 0.4 and 6 hectares, and that they earn less than 1.5 times the minimum wage (CLAC and FAIRTRADE, 2016).

A second initiative is Seguro da Agricultura Familiar (SEAF, Family Farming Insurance), which with approximately 450,000 beneficiaries in 2010, is a multihazard insurance policy that covers various adversities: strong winds, hail, drought, flooding, significant climate variability, among others. SEAF income coverage is provided for crops that were financed with funds from the National Family Farming Program. The insurance coverage for these crops is automatic, with approximately 70% of the premium assumed by the State (Zukowski, n. d.).

In addition, there are various innovative proposals at the global level for indexed agricultural insurance, which take advantage of existing technology and information (satellite images, sea temperature measurements, rainfall levels, etc.) to propose new schemes with lower operational and distribution costs that facilitate access to private and public insurance products related to sowing, harvesting and commercialization, as well as catastrophic insurance³.

It is necessary to highlight that insurance is important not only important to reduce the risk of losses and facilitate greater investment in farming activity, but also to increase credit options (short and long-term) for farmers operating at different scales, without which it is practically impossible to sustain investment and capitalization processes. In addition, insurance plays a central role in reducing the vulnerability of households that depend on agriculture and reducing inequality among households that may be adversely affected by an unexpected event to the point of falling into even deeper poverty.

In order to ensure that these insurance services are inclusive, a gender approach should be incorporated in their design and implementation so that women can also benefit (FAO, ABC, and SEAD, 2017).

Also, in addition to a gender approach, according to the "leave no one behind" principle of economic and social development, it is also necessary to include ethnic variables in the design of agrifood policies, especially when these minorities are in a situation of extreme poverty. One example is Colombia's implementation of a strategy for strengthening rural livelihoods—supported by the government and the United Nations Food and Agriculture Organization (FAO)— and whose beneficiaries are the Wayúu communities affected by El Niño.

¹ For a review of the experience in the region, see Hatch, Núñez and Vila (2015) and the World Bank's IFC report (available at: https://www.ifc.org/wps/wcm/connect/eb535e00426a2b4cbba6bf-0dc33b630b/Agricultural insurance in LAC 2010.pdf?MOD=A-IPERES

² For more detail, see: https://www.gob.mx/agroasemex

³ There are several examples of such insurance schemes in the region and beyond. See, for example: Carter *et al.* (2017).

2. EXPANDED SOCIAL PROTECTION

Chapter 1 highlighted the main factors that led to the decline of rural poverty in Latin America and the Caribbean in the last two decades: namely, a combination of the "growth effect" and the "distributive effect". In this regard, although during the 21st century the "growth effect" has been the main factor in the reduction of poverty, resulting in the creation of jobs and an increase in monetary income, the "distributive effect" became more important when the economic momentum generated by the boom in commodities prices came to an end. Even during the boom, the "distributive effect" was particularly important for those rural populations with weak links to markets.

As a result, the recent history of Latin America and the Caribbean shows that, while promoting economic growth is vital to reduce poverty, it is not enough on its own. The notion of social protection has become more important insofar as it refers to a "set of policies and programs that address the economic, environmental and social vulnerabilities of food insecurity and poverty through the protection and promotion of livelihoods" (FAO, 2017a, 6).

Social protection is questioned by some political sectors because it supposedly generates a reduction in the accumulation of capital, welfare dependency and disincentives for entrepreneurship (Alesina and Perotti, 1997). These criticisms generally consider that social welfare interventions encourage passive citizens and punish those who have shown greater capacity for participation in market dynamics.

However, the ample evidence available at the international level indicates that social protection measures and instruments can generate a positive effect, not only in the lives of beneficiaries, but also in terms of economic growth (Tirivayi, Knowles and Davis, 2013). For example, conditional cash transfer programs can generate a revitalizing effect on agriculture, one of the main sources of income for rural economies, as they encourage investment and the accumulation of agricultural assets. The experience of the countries of Latin America and the Caribbean, as well as those of sub-Saharan Africa, confirm the importance of this virtuous circle (Bastagli, Hagen-Sanker, Harman, Barka, Sturge and Schmidt, 2016; FAO, UNICEF and Oxford University Press, 2016).

Social protection mechanisms can be varied and their rationale goes beyond mere contingent and reactive protection. These can increase and strengthen investments, such as more productive use of the land, the acquisition of tools and implements, as well as increasing time dedicated to productive work on the farm (Tirivayi, Knowles and Davis, 2013). Also, when these policies are linked to practices for

the promotion of the sustainable management of natural resources, the resilience of the population is strengthened. Finally, the flow of capital linked to these mechanisms has dynamic effects on local economies.

Although the evidence shows that cash transfer programs represent an important step in rural development, insofar as they guarantee a minimum level of income, capacity building and human capital accumulation (Bastagli *et al.*, 2016), they are not enough to create the conditions that allow the inhabitants of these territories to participate effectively in productive and market dynamics.

Since the early 21st century, social protection in rural territories of Latin America and the Caribbean has been mainly associated with conditional and unconditional cash transfer programs²⁵ focused on vulnerable households (the extreme poor with children and, in some cases, with elderly or displaced adults)²⁶. However, the current debate surrounding social protection in the region and the world²⁷, especially in regard to rural contexts, is experiencing a paradigm shift: in addition to the strengthening of human capital, the reduction of vulnerability and ensuring access to a basic food basket, today it is widely accepted that social programs play a key role in unleashing processes of economic and productive inclusion. As a result, expanding social protection programs also implies pursuing objectives of economic inclusion.

The region already has some promising social protection initiatives, which are complemented by agricultural programs in vulnerable territories and sectors. Based on these experiences, FAO proposes "expanded social protection", which means social protection with productive inclusion, as one of the pillars to support any effort aimed at eliminating rural poverty.

Today, there is a public debate at the global level about the value and costs of conditional transfers, especially in rural contexts where the offer of health and education services often still presents suboptimal levels of coverage and quality, and conditional transfers can increase gender gaps by increasing the labour burden on

²⁶ Between 1996 and 2015, the public expenditure of countries of the region (18 countries) on conditional cash transfer programs increased exponentially. Thus, while in 1996 the amount allocated was practically insignificant, in 2015 it was approximately USD 20 162 billion, that is, 0.33% of regional GDP that year (Cecchini and Atuesta, 2017). In 2014, an unprecedented investment was made in conditional cash transfer programs totaling USD 23 514 billion, equivalent to approximately 0.38% of GDP and benefitting more than 130 million people in the region.

²⁷ See, for example, the proposal of the Partnership for Economic Inclusion (PEI) within the framework of the World Bank's Work and Social Protection unit (https://www.jobsanddevelopment.org/pei/)

BOX 14. SOCIAL PROTECTION INSTRUMENTS AND RELATED ACTIONS

The notion of social protection refers to a set of actions aimed at alleviating poverty in vulnerable sectors and protecting economic growth. There have been various approaches to social protection at the rural level, which are linked to other aspects of territorial development. At the international level, the United Nations Food and Agriculture Organization (FAO) proposes the following pillars of social protection and related actions.

Global experiences have shown that social protection can contribute to rural development and well-being, but if it is not linked with other measures, it will not contribute to an effective and sustainable reduction of rural poverty. Consequently, the policies implemented in this area must include linkages with food security, nutrition, and agricultural and non-agricultural economic activities to ensure their sustainability. In other words, integrated social protection policies are required.

Only the integration of social protection, food security, nutrition, natural resources management and favourable rural factors (the preconditions of development linked to social and productive infrastructure) will guarantee the development of resilient and sustainable rural livelihoods (FAO, 2017a and 2017d).

FIGURE 13. PILLARS OF THE SOCIAL PROTECTION SYSTEM



In addition, the current context of fiscal austerity should not be an excuse to reduce investment in this area. On the contrary, efforts must be focused on more efficient use of public resources and the promotion of synergies with the productive and environmental sectors. If funding for these programs is withdrawn, there is a risk that social and economic precariousness in rural territories will increase and

generate poverty traps that are impossible to reverse. Thus, although social protection alone is not sufficient to ensure the eradication of poverty, it is a necessary element in any strategy with this goal.

BOX 15. SCHOOL FEEDING PROGRAMS AND AND LOCAL PROCUREMENT FROM FAMILY FARMING

In Latin America and the Caribbean, more than 74 million children receive school meals (WFP, 2017). This offers a valuable opportunity to transition from the old model focused on retention and standardized school feeding programs, towards a new model of sustainable schools, which integrates nutritional education, the consumption of healthy foods, the recognition of local cultures and the relationship with local communities through purchases of food from family farming. Such far-reaching innovations are a concrete example of how to put the concept of "expanded social protection" into practice.

The promotion of family farming, and the creation of preferential markets for the most vulnerable segments of the population, not only positively impacts food security, nutrition and the education of children participating in school meals and nutritional programs, but also has a positive social and economic effect on rural households that are dependent on agriculture. The result is an increase in incomes and greater stability for more profitable production and marketing strategies, as well as improved social cohesion within communities, all of which is very important for the reduction of rural poverty.

For example, Brazil's Food Purchase Program (PAA) and the National School Food Program (PNAE) made it a legal requirement for schools to purchase a minimum of 30% of food from family farmers, giving priority to farmers

enrolled in CadÚnico who receive subsidies provided under the Bolsa Família program.

In recent years, several other countries in the region have made progress in regulations, policies and programs to develop similar schemes. In Paraguay, the Law on School Meals and Sanitary Control was approved in 2014, which increased the budget for this purpose from USD 69 million in 2012 to USD 102 million in 2017 (FAO, 2018h); Guatemala approved in 2017 a School Feeding Law that includes the promotion of family farming (Guatemala Congress, 2017); while in Chile, since 2016, the local purchasing policy of the National Board of School Aid and Scholarships (JUNAEB) establishes that the expenditure on food inputs by concessionaires must include a minimum quota of 15% from local producers or 10% from lagging rural areas, and that agricultural inputs must come from farmers classifed as family farmers by the Institute of Agricultural Development (IN-DAP) (INDAP, 2018a).

For its part, FAO, through a regional project financed by the government of Brazil, has recently supported 17 countries in the region in strengthening sustainable school feeding programs, including local public food purchase schemes. The project has implemented pilot projects in each country and provided technical advice at the highest level to strengthen these policies (FAO, n.d.).

2.1. PUBLIC SECTOR SYNERGIES FOR EXPANDED SOCIAL PROTECTION

Combining social protection measures with initiatives for productive inclusion helps to enhance the economic and productive impact of these measures, and the sustainability of positive results. In this regard, in order to expand social protection, it is important to define the relevant potential synergies in each context, the livelihoods of the participants in these programs, and their respective economic capacities.

For example, Peru has implemented the Haku Wiñay program, which aims to strengthen family production systems in rural territories, promote healthy housing through the donation of kitchen appliances, and support local entrepreneurships. Since this program is designed to assist rural populations in conditions of poverty, it uses the database of the conditional cash transfer program Juntos, and has created spaces for synergies between different public

initiatives to promote small-scale agriculture and social protection, thereby serving as an example of public policy complementarity.

The main impact of these synergies has been an increase in incomes (Escobal and Ponce, 2016), a key indicator for the measurement of monetary poverty. This increase can come from three main sources: agricultural activities, conditional cash transfers and the revenues obtained from the ventures promoted by Haku Wiñay. Obviously, the impact is more important if all three factors simultaneously affect the same household or community.

Policy complementarity also has positive psychological effects on the beneficiary population. The promotion of small enterprises focused on diversifying the productive capacities of the rural population has an impact on attitudes and feelings of empowerment (Heredia, 2016) in a sector that has historically been excluded from economic and political dynamics. Far from fostering habits of passivity and dependence, the synergy between social protection —which

endows the beneficiary with greater spending capacity and economic security— and productive inclusion can promote proactivity and independence.

However, just as policies can impact the attitudes and behaviours of the population, it is important to remember that the implementation of public initiatives faces knowledge and organizational constraints (Dussauge, 2012) according to each social context.

As a result, the promotion of entrepreneurships in rural territories often includes associativity as a requirement to guarantee greater production capacity and, by extension, capacity for negotiation. This variable can be a limitation for social programs that seek to promote productive inclusion.

Why is this the case?

In the development of Haku Wiñay, a certain resistance to participating in associations has been detected due to the prevailing distrust among those participating in the program. This distrust is typical in contexts with limited social capital (Heredia, 2016), and is not an exclusive feature of the population benefiting from the program. In fact, it is a pattern that persists in different territories and countries. For example, alternative development programs implemented in rural and generally poor areas of drug-producing countries —Plurinational State of Bolivia, Colombia, Mexico and Peru— have also faced difficulties in promoting associativity. Overcoming this factor constitutes one of the challenges in implementing these programs.

The success or failure of the program may depend on the capacity of the interventions to generate incentives and convince the rural population that their participation in cooperatives and associations —in certain contexts, value chains or territories— can have a positive impact on their economic income and productive capacities.

Brazil offers another example of complementarity between programs from different sectors. While the Bolsa Família program provided financial assistance to the most vulnerable sectors through cash transfers, the Brazil sem Miséria (BSM) strategy also assisted a segment of this beneficiary population in order to strengthen its production capacities.

In rural areas, the BSM improved access by the population in extreme poverty to basic social services, such as sewerage, water, and education, in addition to offering training courses and improved seeds to ensure family food security and higher incomes.

The dynamics, synergies and approaches of these programs are in line with the general guidelines of the FAO Social Protection Framework (FAO, 2017a). In these cases, social protection measures transcend the function of protection and prevention, since they seek to promote and strengthen productive capacities of vulnerable and traditionally neglected rural sectors.

Social protection actions, in conjunction with public policies aimed at supporting rural areas —such as access to

agricultural marketing and extension services, land, rural finance and markets— help to promote resilient and sustainable rural livelihoods (FAO, 2017a).

However, despite the growing tendency of countries in Latin America and the Caribbean to allocate more funding to these programs, the evidence indicates that efforts are still insufficient to serve the entire population that is in need of assistance. Despite the progress made so far, the successful cases have not been enough to prevent the notion of expanded social protection from being addressed mainly in a sector-specific manner.

According to Faret (2018), recent experience in the region shows that it is possible to develop policies of greater "depth" in terms of their reach on rural poverty, which seek to implement a more comprehensive package of social actions. However, despite this increased coverage, the scope of these policies often lacks "breadth" due to the culture and inertia of the social development sector, which struggles to implement productive inclusion measures at the household level, while failing to generate high-impact actions at the organizational and territorial level in coordination with other sectors. Such is the case with social development ministries or other institutions which offer benefits to the population living in poverty, but are limited by the fact that productive inclusion does not fall within their area of expertise.

A second possible scenario in the region is that policies may have large "breadth" of scope, including actions in different sectors with the participation of specialized institutions, but little "depth" since the institutions continue to serve their different target beneficiaries without regard to the reduction of rural poverty. This limits the ability of poor rural households to access dual-purpose programs in an comprehensive manner. A common example is the tension experienced throughout the region by the ministries of agriculture and the environment when questioned about their role in reducing rural poverty.

In effect, ministries of agriculture are caught between their focus on agro-exports —mainly large-scale production and industrial interventions benefitting commercial farmers and large agricultural enterprises— and actions to promote the subsistence of family farming production units. Although actions to support family farmers have increased in recent years, they are still not technically linked with the national systems of social protection.

For their part, environmental ministries are caught between the conservationist vision of nature and the ecosystemic vision, in which the sustainable management of natural resources is facilitated through mechanisms of responsible and inclusive governance and the incorporation of social and economic activities.

This generates the potential to develop specific innovations in the field of social protection and link them with policies of rural poverty reduction and territorial development.

A third possible scenario is the lack of both "breadth" and "depth". This occurs when the eradication of rural

poverty has not been identified as a public priority for decision-making and investment, which means that reductionist solutions are implemented based on the belief that rural poverty can be managed only through cash transfers or economic growth.

In order to promote expanded social protection, it is necessary to identify actions that increase both the "depth" and "breadth" of policies through interventions at different levels, and with the participation of different actors. This implies that there must be information-sharing links at the technical and operational levels that ensure the transition from disjointed actions towards integrated social protection "trajectories".

In addition, it is important to highlight the strengthening of national databases that identify beneficiaries of social policies, including individuals, households and productive units. These records can then be used to measure, classify and filter the rural population²⁸.

In most cases, this does not imply the elimination of other types of databases or methods of selection used in existing policies, but rather the strengthening of a National System of Protection and Promotion, through the interoperability of different sectorial databases²⁹. In this regard, the link between the information systems related to the management of policies for family farming and social protection systems is of great interest. This type of strategy requires gradual but sustained efforts and political leadership at the highest level.

In addition to the usefulness of such databases for targeting social policies, they can improve results regarding the extent to which programs not only increased the incomes and skills of families located in rural territories —as well as the benefits derived from these— but also to what extent conditions were created for these populations to be able to participate in productive dynamics in order to ensure their subsistence in the medium and long-term.

BOX 16. BRAZIL'S PREVIDÊNCIA RURAL PROGRAM

In 2015, only 22% of the rural population in Latin America and the Caribbean was affiliated with a pension system (ECLAC, 2018). This was considerably less than the 54.7% at the urban level and is another sign of the urban-rural imbalance in the region.

In this regard, Brazil's *Previdência Social Rural* program, which includes access to pensions, represents one of the main social rights obtained by rural workers in the country, after years of demands and pressure from civil society on successive governments. This was the case from 1960 to 1988, when the rural workforce was included in the General Social Security Regime approved as part of the Federal Constitution the same year (CONTAG, 2016). This fact indicates the importance of the participation of civil society in processes of inclusion of the rural population in national policies (FAO, 2018a).

In 2016, approximately 9.5 million people were registered with access to pension services in rural

territories (Lima, 2016). A significant increase since 2002, when there were approximately 7 million beneficiaries.

The importance of Previdência Rural for rural families, and especially for family farming, lies not only in increased income for their subsistence. The pension payments are also used for productive activities, either for the payment of services or to strengthen assets (CONTAG, 2016). They are also a key element for food security in Brazil, as these families are the main suppliers of food at the national level (they represent 87% of cassava production, 70% of bean production and 58% of milk production.

These social protection mechanisms not only provide financial security for rural populations, but also indirectly benefit urban populations. It is, therefore, not only a matter of social justice since pensions also have an important economic impact at the national level.

²⁸ For this reason, it is essential to have consolidated and accessible population identification systems, ideally digital to enable identity verification processes in real time. These systems are central to achieving transparency, justice and equity. There is a global program promoting this type of systems as a foundational basis for the best implementation of public policies (http://id4d.worldbank.org)

²⁹ There are good examples of this type of records in the region: Cadastro Único de Brazil, Mexico's Próspera registry of beneficiaries, the work based on SISBEN in Colombia or Peru's Sistema de Focalización —Sisfo.

3. SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES

The high rate of poverty in remote and fragile rural territories in the region creates "poverty traps" that hinder the development of the population in these areas for two main reasons. First, if natural resources are degraded, the economic viability of these populations is threatened in the medium or long-term, since the rural population is more dependent on the use of these resources. Second, because of their remoteness, difficulties in accessing national and international markets are intensified (Barbier, 2012). The combination of these conditions create a vicious circle that perpetuates exclusion and poverty.

A large number of the rural poor in the region live in these fragile and remote ecological areas. However, the efforts by countries to help these populations have not been in accordance with the dimension of the problem. Even so, there are some useful lessons for the design of public policies focused on these populations. First, taking into account the characteristics of these populations and their environment helps to not only generate processes of resilience and adaptation, but also to identify new development opportunities such as conservation payment programs and/or preservation of natural resources, etc.

Latin America and the Caribbean is considered a "biodiversity superpower" (UNDP, 2013), due to its multiple climates and the abundant variety of fauna and flora in its extensive territory.

There is a growing awareness that rural economic activities, such as agriculture and livestock, benefit from the good quality of ecosystems for their proper development, and

that this requires an adequate use of water resources and soils (FAO, 2014c).

However, the exploitation of natural resources often has harmful effects on local ecosystems. The unsustainable exploitation of these resources, including deforestation and pollution that affect species that inhabit these territories, has had an irreversible impact on one of the main assets of Latin America and the Caribbean. However, in the same region there are successful cases of recovery of biodiversity and promotion of resilience in rural territories. Among these is the district of Hojancha in Costa Rica, which can be considered a case study (Tekelenburg and Ríos González, 2009) (See Box 17).

3.1. STRENGTHENING THE RESILIENCY OF RURAL POPULATIONS

The shocks and risks present in rural territories have asymmetrical impacts on population groups and territories. Rural households living in poverty and extreme poverty are especially vulnerable to suffering negative impacts.

People living in poverty in rural territories tend to have low access to social protection, insurance and other social, productive and environmental instruments that can help them mitigate risks and develop their ability to adapt. The lack of resilience mechanisms increases the likelihood that shocks will push households into poverty or into even more severe poverty levels, while reinforcing the intergenerational and intraterritorial transmission of poverty.

If countries in the region do not implement intersectoral policies capable of generating higher levels of resilience, fu-

BOX 17. THE CASE OF HOJANCHA DISTRICT IN COSTA RICA

In the 1950s and 1960s, due to international demand for livestock goods and the increase in population, an aggressive deforestation process took place in the district of Hojancha in Costa Rica, reducing the forest area and fertility of the land, which inevitably led to a decline in productivity and a fall in income per hectare.

Later, in the 1970s, the demand for livestock products decreased, and with it employment and income in the territory. As a result, Costan Rican government initiated a recovery plan for the area, through incentives for reforestation and payment for environmental services to local residents.

In 1997, Payment for Environmental Services (PES) was implemented, through which money is transferred to local producers in exchange for reforested hectares, responsible use of land and maintenance of the landscape of the terri-

tory (Tekelenburg and Ríos González, 2009). In addition, a productive diversification process was developed through the promotion of responsible forestry, organic agricultural production for market niches at the international level, and green tourism, which is one of the main economic activities of the country. Currently, these forests serve as an extension of natural forests, and encourage the transit of animals in the territory

The case of Hojancha shows that comprehensive and long-term policies can help build resilience and encourage a change of consciousness in local habits related to the use of natural resources. If countries in the region are able to focus on conservation while sustainabily generating value from their natural resources, as in Costa Rica, they can turn what is today a problem into a great opportunity.

ture shocks will seriously affect the livelihoods of the rural population, as well as the capacity of these countries to reduce rural poverty and achieve the targest of the SDGs.

Rural households with resilient livelihoods are better able to avoid and reduce the impact of natural disasters, and can also better recover and adapt when disasters cannot be avoided (FAO, 2016e), thus providing more stable conditions for sustainable poverty reduction. Given that the great majority of rural poor in Latin America and the Caribbean depend on agriculture and natural resources, it is essential to understand the types of shocks and risks faced by this sector and their potential negative effects on the population, especially since different types of shocks require different policies.

First, natural hazards and climate-related disasters can generate economic losses in agriculture, negatively affect economic growth in low and middle-income countries, and erode the economic gains and livelihoods of vulnerable rural communities. During the period 2005-2015, the agricultural sector in Latin America and the Caribbean absorbed damages and losses linked to natural disasters worth an estimated USD 22 billion (FAO, 2018i), affecting the income of rural producers.

Second, crises in food chains can also have devastating effects on rural poverty. Indeed, there is a significant increase at the global and regional level in the number of outbreaks of transboundary pests and diseases in plants and animals, with highly negative effects on human health, agricultural livelihoods, national economies and global markets. To give some idea of the magnitude of the problem, 70% of the world's extreme poor depend on livestock and grazing lands to sustain their consumption of food, income and livelihoods (FAO, 2018i).

A third type of threat to the livelihoods of the rural poor is the prolonged crises caused by a complex combination of human factors and natural hazards, including prolonged agri-food crises, changes in livelihoods, inadequate governance and lack of institutional capacity. In Latin America and the Caribbean, there are certain areas with high levels of hunger, food insecurity and/or violence – such as Haiti, some territories of the dry corridor of Central America, Colombia's Guajira department, and others —that should receive special attention due to their resilience during protracted crises.

In line with FAO's approach to resilience (2016e), different policies are needed at the national level to address these three types of shocks and risks. The scope and nature of national resilience strategies depends on the structure of risks and needs of each rural population group in poverty.

However, it is possible to identify two challenges facing all countries of the region. First, it is necessary to end the division between international humanitarian assistance and the policies and programs of social protection and productive development at the national level, in order to establish integrated procedures for the timely response to disasters, including social protection and early recovery, the strengthening of livelihoods, and the provision of territorial assets. This integration would also make official development assistance received in this area more effective.

A second challenge has to do with improving access to instruments that strengthen resilience, which are currently only available to population segments that are linked to markets with lower geographic isolation and greater local political influence. Effectively integrating these instruments in the policy framework of comprehensive rural poverty reduction will stengthen their links with social protection systems, sustainable management of natural resources and productive inclusion.

Specifically, four major policy areas are proposed to strengthen the resilience of households and productive units in situations of rural poverty: risk management; strengthening monitoring and early warning of disasters and crises; reducing the vulnerability of individuals and communities; and, finally, improving preparedness and response in emergencies (FAO, 2016e).

The first line of action refers to risk management. Overcoming the inertia and partial vision in terms of resilience requires adequate policies, institutional structures, as well as coordination and financing capacities for disaster risk reduction and crisis management at the local, national and global level.

Second, the strengthening of monitoring and early warning of disasters and crises implies an increase in prediction capabilities of critical events, including their probability and possible effects on rural livelihoods. The latter is important so that governments can generate timely alerts at the institutional and community level.

The third area of intervention is of direct relevance to rural poverty, in that it seeks to reduce the vulnerabilities of individuals and communities by attacking their cause. This field of action is linked to the responsible management of natural resources (water, land, forests, fishery resources)³⁰ and other important assets, such as energy and basic services; the promotion of sustainable management of natural resources; the promotion of climate-sensitive agriculture and agroecology; and environmental services. The implementation of these measures will not only reduce the likelihood that these critical events will occur —for example, sustainable management of forests and watersheds could prevent floods and landslides— but could also mitigate their negative impacts on the population.

This area of action should be linked with national systems of social protection within the broader framework of pol-

³⁰ Climate change, land degradation, pollution and depletion of natural resources and biodiversity are among the main causes of vulnerability in the livelihoods of rural populations, especially indigenous groups, as well as farming, forestry and fishing communities, which are usually among the poorest and most marginalized of rural societies in the region.

icies for rural poverty reduction. Through the reduction of liquidity constraints, as well as the provision of production inputs, advice and technical assistance, comprehensive social protection programs can contribute to improving risk management and minimizing risks, such as the sale of tools, inputs and assets, or the implementation of unprofitable and low-risk production methods and child labour. Social protection programs can also help beneficiaries respond and adapt to negative impacts related to agroclimatic risks, while reducing economic barriers to access other risk management tools, such as insurance policies and the diversification of sources of income.

Finally, the fourth area refers to strengthening emergency preparedness and response capacity. Measures to reduce vulnerability cannot always prevent crises, so when poor rural households and productive units are affected, it is necessary to have a rapid and effective response capacity in order to save lives and livelihoods. In this regard, in the Latin American context, it is necessary to generate emergency response systems that are closely linked with national systems of civil defense. In the development of these national platforms, it is important to analyse and evaluate the vulnerabilities of the rural poor in different territorial contexts and to integrate them into early early warning and response systems. An important example in the region is the Dominican Republic's Climatic Impact Vulnerability Index (IVACC) based on the Unique System of Beneficiaries (SIUBEN), which provides information on climate vulnerabilities disaggregated at the household level.

Thus, social protection systems should include actions such as the timely and effective response to extreme weather events; mechanisms for flexible implementation (such as expanded coverage, more and better services and links with the tertiary sector) to provide a timely response to critical events; the inclusion of rapid response plans and contingency funds activated by early warning systems; and the implementation of temporary employment programs to increase household income and promote the diversification of livelihoods.

In addition, through a twin-track approach, agricultural interventions can contribute to early rehabilitation following shocks, either through humanitarian or public programs that help to establish the necessary conditions in the territories to develop productive activities, such as the reconstruction of basic infrastructure (water and sanitation, power grid recovery, fishing docks, and local markets); the rehabilitation of the productive capacities of households (for example, through the replacement of lost tools and equipment or the reconstruction of basic property capital); the distribution of agricultural inputs, seeds and tools; and the "improved reconstruction" of territorial assets with a focus on the rural poor.

Finally, it is important to highlight two facts (FAO, 2016e, 15): in a period of just over a decade, the global financing requirements for humanitarian crises increased sixfold, from USD 3.4 billion in 2004 to approximately USD 19.5 billion in 2015; and, secondly, despite the fact that studies

indicate that it is four to seven times more cost-efficient to invest in disaster risk reduction than to implement emergency responses, only 0.4% of official development assistance at the global level is aimed at reducing disaster risks. This situation increases pressure on aid policies and the fiscal policy priorities of countries in the region, especially with regard to agriculture given that this activity represents 23% of the damages and losses due to disasters at a global level, as well as 83% of crop losses due to droughts (FAO, 2018i), and is mainly comprised of a large socio-productive sector that is excluded from formal mechanisms of social protection, productive inclusion and strengthening resilience.

3.2 LINKING POVERTY REDUCTION POLICIES WITH THE MANAGEMENT OF NATURAL RESOURCES AND ENVIRONMENTAL SUSTAINABILITY

If global warming maintains its current trend, the increase in the temperature of the planet will negatively affect the natural conditions of diverse climates, but it will be those territories with the most fragile ecosystems that will suffer the most severe consequences.

As a result, the populations of rural territories will be the most affected by the environmental changes due to climate change, such as water scarcity and soil degradation. The impact will be even greater for rural populations that are highly dependent on the use of natural resources. According to Carter and Janzen (2015), if climate change continues to intensify, even social protection measures such as conditional transfer programs or insurance coverage will not be enough to off-set the accelerated process of increasing rural poverty. This is especially true considering that to date the countries of Latin America and the Caribbean have not been able to solve the main problems facing the populations in rural areas.

In this regard, FAO (2012, 35), in its *Voluntary Guidelines* on *Responsible Governance of Land Tenure*, recommends that "States should strive to prepare and implement strategies and actions in consultation with and participation of people who may be displaced due to climate change". These guidelines, in addition to ensuring the sustainable and responsible use of natural resources, aim to recognize vulnerable populations in rural areas.

Rural development policies can help to mitigate the impact of global warming, but it is imperative to identify those territories and populations that will be most affected by the effects of climate change.

It is also necessary to highlight that the current economic dynamics of rural areas are contributing to climate change. In many cases, the expansion of agriculture, one of the main pillars of the rural economy, has led to deforestation and the use of land in protected areas. Therefore, the objective should be to "reconcile the agendas of environmental, economic and social development" (FAO, 2018a, 7).

In some countries of the region —especially in the Dominican Republic, Brazil, Colombia and Mexico— policies already include complementary components in the fight against poverty and environmental protection. These tools were developed through a traditional social policy approach and adapted to the need to protect environmentally sustainable ecosystems.

The Dominican Republic, for example, started implementing the *Progresando con Solidaridad* program in 2004, which provides conditional cash transfers for poor households with children. It is a public initiative that has evolved in its design and implementation as new challenges and demands have arisen.

In the beginning, its main objective was to reduce the food vulnerability of this sector of the population. Later, it included measures to strengthen human capital, such as school attendance requirements and health check-ups.

Currently, the program includes a component of environmental protection. The State promotes the construction of decent housing —including homes with more rooms to avoid overcrowding, cement floors, access to water and sanitation services— in exchange for a commitment by the beneficiaries of the program to meet energy saving goals, recycle and keep their surroundings litter-free (UNEP, 2017).

Today, approximately 460 000 households benefit from this program, but its scope, which was expanded by the inclusion of the environmental component, posed a series of challenges for the country.

As a result, with the support of UN Environment, the methodology of the Environmental Vulnerability Index (IVAM) was created in the Dominican Republic, later called the Climate Impact Vulnerability Index (IVACC), which includes hydrometeorological indicators. In addition, the Unique System of Beneficiaries (SIUBEN) included questions in its survey related to environmental and climatological risks, such as storms, droughts and floods (UNEP, 2017).

Given that the SIUBEN system is also used in the implementation of other social policies, this case shows that the use of the same database for the beneficiaries of different social programs can lead to better coordination between different public sectors. Although the IVACC is still in the process of evaluation, the design of tools that allow a more effective territorial, population and environmental focus is an initiative that could be replicated in other countries of the region in order to meet complementarity objectives.

In Brazil, the Bolsa Verde Program was part of *Brazil sem Miséria*, a policy to combat poverty and promote productive inclusion that included environmental protection. Broadly speaking, Bolsa Verde has the following three

objectives: to encourage the conservation of ecosystems; improve the living conditions and income of the beneficiary population in extreme poverty that is engaged in activities linked to natural resources in rural areas; and encourage the participation of the population in environmental, technical, social and productive training programs.

To select the territories where this program will be executed, the following criteria are prioritized: conservation units for sustainable use, settlement projects implemented by the National Institute of Colonization and Agrarian Reform (INCRA) and coastal areas under the management of the Secretariat of the Patrimony of the Union (SPU).

Between 2011 and 2014, the territories served by Bolsa Verde increased from 24 to 942; and, by the end of 2014, the total number of beneficiary families was approximately 70 000. Of that total, more than 90% lived in northern Brazil where the poorest states of the country are located (Ministry of the Environment, 2014). Subsequently, in 2016, the total number of beneficiary families reached 76 000. Among the main challenges presented by this program are: the expansion of coverage to other territories, and the training of public officials qualified to adapt the general guidelines to other territories.

In Mexico, the Strategic Project for Food Security (PESA) has been implemented in communities facing conditions of marginalization, usually rural areas. As in the case of the Dominican Republic's Progresando con Solidaridad program, PESA emerged as an initiative aimed at guaranteeing certain objectives, such as increasing the income of the beneficiary population, their employability

and the strengthening of their productive capacities in agricultural activities. Later, in 2009, PESA incorporated elements for the protection of the environment. For example, beneficiaries were trained in the responsible and sustainable use of water and soil resources used in production (UNDP, 2013).

PESA has had an important impact. In 2015, approximately 300 000 families benefited from the project. In addition, it has a much larger territorial scope than Bolsa Verde, and the program is present in all of Mexico's 32 states.

Also, in Ecuador's Napo region, the *Cuidando suelos*, alimentando gente (Caring for soils, feeding people) program has been implemented since 2014. Most of the country's Amazon is located in Napo, which is a privileged place in terms of biodiversity of flora and fauna. However, as a result of illegal logging and grazing, Napo has high levels of deforestation that affect its biodiversity.

As a result, FAO and the Ecuadorian government have implemented actions that take into account both the subsistence demands of the local population and the need to protect the ecosystem. Civil society organizations have become important allies in the process of recovery and conservation of the territory, with an estimated 24 000 ha reforested since the strategy was launched.

BOX 18. INTEGRATING ENVIRONMENTAL, FOOD SECURITY AND DEVELOPMENT POLICIES: CUBA'S NATIONAL PROGRAM FOR URBAN, NON-URBAN AND FAMILY FARMING

This program was launched in Cuba in 1997. The main objective is the production of food in territories formerly considered "unproductive", through the promotion of organic practices and the sustainable use of natural resources (FAO, 2018j). The actions can be divided into four main areas:

- 1. Promote the use of biological pest control and organic production practices.
- Take measures to ensure the supply of inputs needed by farmers in each province.
- Implement low-input agricultural systems, without the use of agrochemicals and with efficient use of water resources.
- 4. Incorporate family farming approaches.

Through local cooperatives, the actions involve a participatory approach that fosters self-learning and empowerment, which translates into periodic adjustments proposed by the beneficiaries. Currently, the program covers 14% of Cuba's national territory (Rodrguez 2014).

This program involves multisectoral development strategies, as it is linked with other programs and plans, such as the National Disasters Preparedness Plan, the Cuban Soil Improvement and Conservation Plan, and the National Plan to Combat Desertification and Drought.

In addition, the food security component promoted by the United Nations Food and Agriculture Organization (FAO) is also part of the proposal. The objective is to produce high quality food in sufficient quantities.

According to Rodríguez (2014), between 1997 and 2013, the consumption of vegetables increased significantly on the island, due to the increase in production and urban-rural linkages fostered by the program.

The support by the population for the program was only possible because they were given the tools that ensured their economic sustainability in the medium term. For example, technical advice was provided to strengthen family farming; sustainable and inclusive agricultural systems were promoted that guaranteed the food security of the beneficiaries, prioritizing households headed by women, which tend to present higher rates of exclusion; and the local economy was diversified, through investment in ecotourism. As a result, environmental protection ceased to be a purely abstract principle, while the population's income came to depend directly on conservation.

In summary, the policies implemented in Brazil, Ecuador, Mexico and the Dominican Republic (and also in other countries³¹) show the synergies that can be achieved between social and environmental policies, and also how

traditional social policy structures can serve as the basis for environmental protection and the responsible use of natural resources. To increase the efficiency of these actions going forward, social databases must contain information and indicators that show the degree of environmental vulnerability of the poorest population settled in rural areas.

After all, economic and environmental vulnerability usually represent different aspects of the same problem: exclusion of the populations of rural areas that are more dependent on the use of natural resources for their subsistence. For this reason, the inaction of countries of the region may end up consolidating the existing exclusion cycle. However, this also represents an opportunity provided that countries realize the possibilities of development represented by the conservation and valorisation of one of their most important assets: their natural resources.

See Boxes 18 and 19.

BOX 19. PARAGUAY'S POVERTY, REFORESTATION, ENERGY AND CLIMATE CHANGE PROJECT (PROEZA)

The main objective of Paraguay's Poverty, Reforestation, Energy and Climate Change Project (PROEZA) is "to increase the resilience and improve the quality of life of vulnerable families and reduce the loss of forest cover in environmentally vulnerable areas of the Eastern Region of Paraguay." (Technical Secretariat for Economic and Social Development Planning of Paraguay, 2017, 2). This policy of agrarian development includes economic dimensions, social protection and conservation of the environment. The 64 districts where the project has been implemented were selected due to their high level of social and environmental vulnerability due to intense deforestation.

The number of households that have benefited from the project is estimated at approximately 30 000. Also, the territorial coverage of the project is estimated at 25 000 hectares. PROEZA is organized according to the following complementary and interconnected components:

1. Planting the future

PROEZA offers training and technical advice through investment in agricultural conservation actions and afforestation with native tree species. In addition, the beneficiaries also receive an environmental conditional cash payment. This scheme is able to reconcile the conservation of the ecosystem and the economic demands of the most vulnerable population.

- 2. Sustainable landscapes and responsible markets Medium-sized landowners with up to 300 hectares of land receive economic incentives with the objective of producing forest biomass in an environmentally sustainable manner. The idea is to combine these forest plantations with the natural forests, in order to create an ecosystem that serves as protection for a variety of species.
- **3. Good governance and respect for the law**This component strengthens the capacities of the public sector entities responsible for the conservation of forests, and the use of land, the environment and energy.

4. NON-FARM RURAL EMPLOYMENT

The occupational structure of rural areas in countries of Latin America and the Caribbean is in a process of transformation. Although, in the early 1980s, rural non-agricultural employment represented only around 25% (Klein, 1992) of total rural employment, by 2011 more than 40% of the employed population in these areas worked in some non-agricultural activity.

Rural non-agricultural employment includes the following economic activities: trade, environmental services, manufacturing, construction, transport, education and technology transfer (Dirven, 2011b). This is in contrast to the agricultural sector, which is the traditional source of income for the rural population and mainly includes agriculture, forestry, fishing and livestock, often without significant added value in the production chain.

In the future, according to Reinecke and Faiguenbaum (2016, 3):

"the long-term trend is for a decline in employment in agriculture and a relatively similar increase in the services sector, while the industrial sector remains in a relatively stable proportion. In this context, between 2005 and 2014, there was a significant increase in non-farm rural employment in the region, from 34% to 42% of total rural employment. Even so, it is important to consider that an important number of secondary and tertiary jobs are linked to the primary sector (agriculture, fishing and forestry), especially in the most dynamic areas where significant agroindustrial development has been achieved."

The growth of non-farm rural employment is also related to changes in local dynamics. The decentralization processes that took place in the region from the 1990s contributed to the generation of labour demand in municipalities and regional governments, as well as in the social sectors present in these districts (Dirven, 2011b).

However, the situation is different in different countries of the region. At one extreme are countries such as Plurinational State of Bolivia, Colombia, Honduras and Peru, where more than 60% of the economically active rural population is self-employed or engaged in unpaid family work; at the other extreme, there are countries like Costa Rica or Mexico, where more than 60% of the economically active population of rural rural areas are salaried workers (Reinecke and Faiguenbaum, 2016). In addition, labour informality in the region remains high, with this sector representing 45% of total employment in the region in 2011 (ECLAC, 2013).

In general terms, rural workers in non-agricultural jobs tend to be better off than those enagged in agricultural work, although this does not necessarily imply they are "well-off" (Rodríguez and Meneses, 2010). For example, in 2008, total rural poverty in Honduras, one of the poorest countries in Latin America and the Caribbean, was 74.4%, while poverty in non-agricultural households was 48.6% compared to 90.7% of agricultural households. In Chile, one of the richest nations of the region, 9.9% of the population lived in rural poverty with poverty in agricultural households reaching 9.8%, which was still higher than the 6% of non-agricultural households in poverty.

The higher rate of poverty in agricultural households, as compared to non-agricultural households, is a regional trend that does not discriminate by subcontinent, or levels of development. The only country where this phenomenon is not present is The Oriental Republic of Uruguay, where, as of 2008, the poverty level of non-agricultural households (7.8%) was higher than that of agricultural households (6.2%).

Due to the diversity of rural non-agricultural work, policies must be differentiated by sector. However, given that rural territories tend to have fewer economic and social assets with a lower degree of development, Dirven (2011b) recommends that countries promote policies that increase the coverage of social infrastructure and access to information, so that rural populations can effectively participate in the dynamics of markets. This initial step can help to strengthen local assets and human capital, which is usually lower than in urban areas.

According to Berdegué, Reardon and Escobar (2000), the development of non-agricultural activities depends, to a large extent, on factors exogenous to the rural environment. In addition, important changes in the social and economic dynamics of rural territories are usually explained by the intervention of extraterritorial parters in these areas through the promotion of new markets and practices (Fernández *et al.*, 2014).

An example is the transformation of Chiloé, an islanda in southern Chile, which in the course of the second half of the 20th century went from being an autarkic economy based on barter, to one of the main centers of the global salmon industry, which has included the development of related services. Some of the effects of the development of this production center were that the labour market and the local economy became dependent on the salmon industry and that the thriving tourism industry suffered a setback. In addition, the question about the environmental sustainability of this type of industry is still open (Ramírez *et al.*, 2010).

What happened in Chiloé not only had economic consequences—such as a substantial increase in local income—but also social outcomes. The modernization of the economy generated new relationships between employees and the large companies located in the area, such as the establishment of fixed work hours.

As noted previously, the first point to take into account in the development of policies is the territorial criteria. If this is not incorporated in the initial design stage, it will be difficult for the policy to take into account the environmental and socioeconomic conditions of the local population. As a result, it is not only a matter of human capital or of the availability of rural inhabitants, but also of the labour markets relevant to them (temporary or permanent, within the territory or extraterritorial, etc.).

In the case of Peru, Paredes (2016) estimates that the regional context and local attributes account for about 70% of the variation in non-farm rural employment between 1994 and 2012. In the most backward rural areas, those with greater rates of deprivation and poverty, certain local characteristics and connectivity contribute almost twice as much to non-farm employment, with little difference between countries.

The generation of non-farm rural employment can have positive impacts in the eradication of rural poverty. However, if these are only temporary and unqualified jobs, their capacity to reverse poverty is doubtful, since it is not only about promoting employability, but also better markets and job opportunities for rural people.

For these conditions to be met, it is essential to define which complementary actions and services are best suited to each location, such as those that reduce transaction costs or those that facilitate the expansion of territorial and extraterritorial options.

Thus, for example, in rural areas with greater economic development, measures must be promoted that reduce the transaction costs of families seeking to enter non-agricultural markets. To this end, it is essential to reduce information asymmetries in terms of the benefits and costs of non-agricultural ventures; strengthen non-agricultural financing mechanisms; improve the capacity of the public and private sectors to develop standards of decent employment for non-agricultural wage earners, and improve access to social security and assistance in rural areas in order to break down some of the economic and risk management barriers linked to these activities.

As for the poorest territories, the measures must aim to guarantee minimum infrastructure conditions. In this regard, it is urgent to promote the construction of roads, electrification, telecommunications and security with the aim of reducing the infrastructure deficit in these areas.

At the social level, countries should strengthen existing social and human capital. A population with insufficient human capital will hardly be able to link effectively with new markets, even in terms of unskilled jobs that do not require high levels of preparation.

Dirven (2011b) and Berdegué, Reardon and Escobar (2000) agree that the promotion of non-agricultural activities in rural areas facilitates the circulation of more extraterritorial capital. On the other hand, rural territories without

minimum infrastructure conditions will be unattractive for private investment. As a result, only 4.5% of rural nonfarm employment occurs in medium and large companies, compared to 10% in urban areas (Reinecke and Faiguenbaum, 2016).

The opportunity presented by non-farm activities in rural areas does not imply a reduction in agricultural activities or those focused on the management of natural resources. A large part of non-farm rural employment is provided by service providers or manufacturers and producers linked to agricultural activities. For example, research aimed at ensuring greater productivity, technical assistance and technology transfer can activate different sectors of the local economy in terms of inputs and related services. This should promote integration between the agricultural and non-agricultural sectors, since the development of modern agriculture requires greater innovation and the development of other activities.

It is important to point out that even if the above proposals are implemented, the development of sustainable and inclusive markets will not be achieved unless countries take an inter-sectoral policy approach. Labour institutions have the obligation to be involved in this long-term process, in order to increase levels of formal and decent work. However, there are other key actors in the generation of non-farm labour opportunities that should be part of this process, such as those seeking to develop new economic activities and those in charge of the provision and maintenance of infrastructure. Infrastructure projects generate local employment and create new demands for services, which, in the long run, improves the living conditions of the local population.

In addition, promoting the diversification of these markets should not have negative implications for the local ecosystem. Tourism and recreation can have a positive impact on the generation of new jobs outside agriculture, as well as increasing local incomes. However, if there is no effective regulation, there could be setbacks in environmental matters, which would affect the development possibilities of these areas in the medium and long-term.

Many countries of the region have a historical debt with regard to non-farm rural employment in rural territories.

Although the countries of Latin America and the Caribbean have advanced and innovated in other strategic areas towards the elimination of rural poverty —such as social protection, the increase of agricultural productivity and the use of methodologies of public investment in territorial assets through National Public Investment Systems— there are few initiatives or policies aimed at strengthening non-farm rural employment in the region. This could be because of the lower attention it receives in local and national discussions, or because decision-makers, who are usually focused

on the development of the agricultural sector, only support non-agricultural rural employment through secondary or minor initiatives; or because the rural population perceives non-farm work as being very different from rural work and far from the experience and history of their communities (Dirven, 2011b). However, these approaches are not consistent with the fact that RNFE is increasing in most countries of the region and that it has been shown to generate less poverty than agriculture.

Despite this fact, the countries of the region have an important opportunity to make valuable gains, either within wide policy frameworks or through agricultural and social strategies, especially focused on women and rural youth, who are usually poorly positioned in the agriculture sector due to their lower access to productive assets and key rural services.

In terms of existing policies and strategies in the region, the Social Protection Policy of Honduras (Ministry of Development and Social Inclusion, 2018) includes actions aimed at improving access to training and continuing education, access to community financing and increasing employment in the construction of local infrastructure. In Paraguay, the Sembrando Oportunidades strategy includes small and medium-sized public works projects, such as the construction of bridges, roads and homes. In Guatemala, Pillar 3 of the Rural Agenda 2016-2020 (Government of the Republic of Guatemala, 2016) calls for the implementation of employment grants (monetary transfers, labour intermediation with private companies and training) and scholarships for young rural artisans (monetary transfers and training) through the ministries of Social Development and Education.

From the perspective of labour and productive policies, there are also some interesting initiatives in the region. In Costa Rica, the PRONAE4x4 project, under the Ministry of Labour and Social Security, offers members of social organizations in local communities a series of economic subsidies and benefits to promote entrepreneurship in rural tourism, agro-industry and crafts, as well as jobs in communal projects such as the construction of classrooms in schools, health centers, maintenance of rural roads, and multipurpose meeting rooms, as well as training in strategic areas such as languages, computers and tourism management (Ministry of Labour and Social Security, 2018).

Skills training entities also offer schemes for the development of technical capacities to increase employability and formalization in rural areas. For example, the Costa Rican National Learning Institute offers programs that aim to increase the employability of women, and Colombia offers the rural entrepreneurship program Rural Emprende as part of the National Apprenticeship Service (SENA). Finally, Chile's Institute of Agricultural Development (INDAP)

has established two permanent lines of financing, training and formalization in rural tourism and handicrafts (INDAP, 2018b).

There are also programs linked to social protection initiatives, specifically conditional cash transfer programs such as Peru's Haku Wiñay program, Paraguay's Tenonderâ program, the "graduation" pilot projects and territorial links within the framework of Mexico's expanded PROSPERA program; and the Dominican Republic's Progresando con Solidaridad (PROSOLI) program, which aims to build skills and abilities to increase employability in different areas. As discussed in the framework of the second area of action, these programs combine investments in human capital with investments to promote entrepreneurship aimed at generating higher income in rural areas.

5. INTEGRATED INFRASTRUCTURE PACKAGES

As discussed in Chapter 1, rural areas of Latin America and the Caribbean are not only poorer than urban areas in terms of monetary poverty. Considering multidimensional poverty, an index that includes indicators of access to public educational services, health, water and sanitation and connectivity, the gap between rural and urban areas is evident in most countries of the region.

The progress in the reduction of monetary poverty in countries of Latin America and the Caribbean belies the slow progress in terms of the reduction of multidimensional poverty. For this reason, it is urgent to implement public policies aimed at improving infrastructure in rural areas.

There are countries where this urgency is greater than others. For example, in the Plurinational State of Bolivia, Guatemala, Nicaragua and Peru, the absence or weakness of infrastructure had an important impact on poverty in rural areas according to data from 2012 (Santos *et al.*, 2015). In Brazil, Chile, Costa Rica and the Oriental Republic of Uruguay, the impact was lower, although still higher than the infrastructure needs in urban areas.

For countries in Latin America and the Caribbean to resume the path to the reduction of rural poverty, they must develop rural infrastructure. Infrastructure plays a transversal and important role, both in terms of its importance in providing essential skills to rural populations through education and health services, as well as in linking these populations with markets through physical and telecommunications infrastructure.

According to Escobal and Torero (2005), as seen in the development of this sector, it is possible to identify three types of infrastructure assets in rural areas: those that generate human capital, such as access to education and health services; those that improve access to information and telecommunications services, such as telephony and the Internet; and the so-called "traditional assets", such as access to water, sewage, transportation and the power grid. All are services that generate favourable conditions for individual and community development.

It is important to highlight that, although the coverage and quality of these services in rural areas should be a priority for all countries in Latin America and the Caribbean, the regional narrative should not replace local narratives. Each country faces particular demands and needs, which means strategies must be different and adapted to each context.

In this regard, one experience that can be extrapolated to all countries of the region, provided that it is adapted to their circumstances, is the implementation of integrated infrastructure "packages". As has been shown in certain countries of the region, when infrastructure projects are implemented simultaneously, their effects can be enhanced. However, it is not only about demanding more and better infrastructure, but also ensuring that the provision of infrastructure includes a complete package of basic services (connectivity, physical integration, water, energy, sanitation, etc.) to which must be added public services endowments.

In Peru, between 2007 and 2012, access to public agricultural assets such as titles, irrigation and technical assistance was associated with a 10% increase in the income of rural producers. When access to telecommunications services was provided, incomes increased 40%.

However, when both types of services were provided together —agricultural services and telecommunications—the increase in incomes was 70% (Zegarra *et al.*, 2014). In other words, intersectoral coordination in the implementation of infrastructure and services packages can generate very positive impacts on populations in rural territories.

These packages of services and infrastructure can provide new tools to combat poverty and become platforms for innovation in public policy matters. An example is the use of mobile applications to expand the reach of social programs. Of the various experiences in this area in the region, the most successful are those that have improved access to more effective health services, as well as access to new markets, consumers and opportunities.

In this regard, an important point in the search for solutions to overcome poverty with greater efficiency is the role that can be played by information technologies. For example, information technologies can help to overcome the limitations generated by the distances of these territories from markets, as well as from the areas where public services are located. Hence, one of the main challenges for the countries of the region is to develop intersectoral policies that enhance the use of information technologies.

Although this does not seem like an impossible task for Latin American and Caribbean countries, reality has shown that the lack of public capacity to execute policies that involve several sectors is one of the obstacles that governments in the region have not been able to overcome. One of the main challenges facing countries is to build the capacities to design and execute actions with an intersectoral impact. The problem of rural poverty would surely be less severe if countries had the capacity to reach remote localities and help their inhabitants to reverse the conditions of precariousness and vulnerability that afflict them.

To close this section, it is necessary to highlight that the examples given in these five action areas show that there are proven methods in the region, which can be improved and scaled-up, while continuing to innovate in order to enhance their impact on the reduction of rural poverty. However, the matter of greatest urgency is to ensure that these five areas

are implemented in a coordinated manner in rural territories. It is worth reiterating, given their importance, that policies for the elimination of rural poverty must be designed and implemented with a territorial, intergovernmental and multisectoral view. As this chapter has demonstrated, policy integration will lead to greater effectiveness, enhanced results and help to build interventions and processes aimed at the elimination of rural poverty and the promotion of inclusive and sustainable rural development.

Although most policies in the region do not facilitate coordinated action, there are various mechanisms that have been developed that aim to promote the coordination of actions between different entities, sectors and levels of government. Only a few of these have shown to have concrete impacts, but the mere fact that they are being tested, designed and evaluated is an advance³². We cannot lose sight

BOX 20. MAMÁS DEL RÍO: IMPROVING MATERNAL AND CHILD HEALTH IN RURAL TERRITORIES OF PERU'S AMAZON

The reduction in Peru's maternal and infant mortality rates seen in recent decades has not benefited all regions of the country equally, leaving rural areas far behind, especially the most isolated rural communities. An investigation carried out by Universidad Peruana Cayetano Heredia in 2011 in 40 communities in six basins of the Peruvian Amazon (Limaye et al., 2018), found that 80% of women gave birth at home without the help of trained health personnel and that 71% reported that their last pregnancy was unwanted. Additionally, 10% of the population did not have a national identification document. In response, the Mamás del Río program was implemented, a social innovation of the Universidad Peruana Cayetano Heredia funded by Grand Challenges Canada and the National Council of Science and Technology (Concytec), with the aim of improving maternal and child health in rural communities along riverbanks in the Amazon.

The Mamás del Río program trains people chosen by community members to be community health agents (ACS in Spanish), who conduct six home visits to mothers during their pregnancy and after the birth of the baby to promote health and prevent diseases. During home visits, the ACS encourage visits to health centers, teach mothers to look out for signs of danger that may arise during birth and

delivery, work with the mother and her family on a culturally-adapted birth plan, and teach them the care that must be taken during and after the birth. The innovative aspect of the program is that the ACS use a tablet with an application that allows them to show the pregnant woman and her family educational content created with the community (Limaye et al., 2018). In addition, through the tablet they can send health information of pregnant women and newborns to health centers. In this way, the health centers know that there is a pregnant woman who needs prenatal control or who will soon give birth or that there is a newborn who needs vaccines, healthy child check-ups and a national identification document.

The program began in 2015 with a pilot project in 13 communities in the Parinari district. During the pilot, the project doubled the percentage of women who received prenatal care in their first trimester, as well as doubling the percentage of women who gave birth in a health center or medical boat. In addition, the proportion of women who applied to obtain a national identification document for their newborns increased from 2% to 30%. As of January 2019, the program will be implemented in 80 communities in Loreto. Models that would allow this program to be self-sustaining are currently being studied.

³² For example, in 2018 the National Council for the Evaluation of Social Development Policy of Mexico published the evaluation of six inter-institutional strategies implemented over 40 years in the country (CONEVAL, 2018). These types of exercises are a valuable contribution to move towards effective actions based on planned cooperdination.

BOX 21. INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT) AND RURAL DEVELOPMENT: THE SUCCESSFUL CASE OF CHILE'S YO AGRICULTOR PROGRAM

Among the services to be combined with infrastructure, access to information and communication technologies (ICT) must be a priority. Chile's Yo Agricultor program represents an example of cooperation between national, multilateral and private organizations. Chile's government, together with the Inter-American Development Bank (IDB), the Foundation for Agrarian Innovation (FIA in Spanish), and the technical cooperation agency of the Government of Spain, acted in a coordinated manner to guarantee "the insertion of micro and small rural enterprises into national and international agro-food markets, strengthening their competitiveness through ICT solutions" (Chile's Ministry of Agriculture, n.d.).

The FIA and the IDB invested close to USD 1 million and focused on four groups of farmers in rural areas of that country. Yo Agricultor targeted the following main areas:

- Improve access to information and value-added services relevant to small rural businesses through a web platform.
- 2. Improve connectivity and material access to technologies.
- 3. Teach and promote problem solving skills through training programs in partnership with local actors.

The group of beneficiaries (approximately 1 000) was varied, including producers of honey, berries and wine from the Libertador General Bernardo O'Higgins and Maule Regions. The implementation process was not free of complications, due to the low level of education of the population (most had only elementary school studies) and that it involved changing certain culturally established practices. For example, more than 60% of the farmers used paper and notebooks to keep accounts of their business, and very few used computers or specialized softwares. Also, only 29% used the Internet.

Yo Agricultor helped provide online weather alerts, technical advice, quotes for inputs, payment services and business management tools. That is to say, it met all the demands raised in the workshops and discussions in which the program's consultants and the beneficiary population participated.

In order for the rural population to make use of information and communication technologies (ICT), the implementation of the project considered the following measures, which were jointly developed to ensure the success of the proposal: manage the project's online content, and provide connectivity and training in the use of ICT tools (digital literacy).

of the fact that, in moments of fiscal austerity such as those currently facing the region, intersectoral coordination is even more important.

Even though countries of the region have taken measures to mitigate the effects of rural poverty and to develop solutions for its eventual eradication, the most vulnerable populations of the region in rural areas are still waiting for countries to guarantee the provision of good quality basic services, sufficient income to cover a basic food basket, and the conditions to create value and take advantage of new development opportunities.

Por ello, la FAO propone cuatro llamados a tomar acción para dar inicio al cambio que urge en la región para eliminar la pobreza rural.





CHAPTER 4 A CALL TO ACTION

A CALL TO ACTION

Rural poverty continues to be a critical issue for countries of the region due to the following main reasons:

- Although, during the last two and a half decades, rural poverty has declined considerably, in recent years it has stagnated and even started to increase again. Between 2014 and 2016, poverty and extreme rural poverty in the region increased by two percentage points each. By 2016, 48.6% of the rural population still lives in poverty, or nearly one in every two rural inhabitants.
- By 2016, considering that only 18% of the region's population lives in rural areas of Latin America, rural poverty remains at unacceptably high levels (ECLAC, 2018):
 - 29% of all people living in poverty in Latin America live in rural territories, or 59 million people considering the population of the region in 2017.
 - 41% of the extreme poor in Latin America live in rural territories, or 27 million people considering the population of the region in 2017.
- The rural-urban gap was not closed during the recent years of economic growth. Today, the rural poverty rate is practically double the urban poverty rate, and the rural extreme poverty rate is triple that of the equivalent urban rate.

In this regard, as discussed previously, rural poverty is the cause of a set of processes that directly affect the development of countries of the region:

 If this high rate of rural poverty continues, the countries of Latin America and the Caribbean will be limiting their economic growth and reproducing —and even increasing— inequality, thereby reducing their possibilities for development.

- If rural poverty is not erradicated, countries will be unable to meet their commitments within the framework of the United Nations Sustainable Development Goals (particularly SDG 1). Moreover, 132 of the 169 targets to track progress towards the SDGs depend on improvements in and by rural territories. And, without erradicating rural poverty, it will not be possible to put an end to the intergenerational reproduction of poverty, or to reduce gender gaps and address the challenges facing people of ethnic descent.
- Rural areas are the repositories of a large part of the region's natural and environmental resources, which are not only key to the sustainability of these areas, but the whole world. These resources —properly managed— can form the basis for the livelihoods of rural communities. Rural poverty puts these resources at risk, affects their conservation and limits the capacity of rural populations to generate adaptation and mitigation strategies for climate change.
- The erradication of rural poverty should be considered an important part of strategies to deal with illegal economies, which are gaining space and power in the region (drug trafficking, trafficking of women, illegal logging and mining, among others), as well as to ensure greater citizen security.
- If rural poverty continues, it will not be possible to build nations with greater social cohesion or lasting peace.

For these reasons, actions are urgently needed to reduce and eliminate rural poverty. The countries of Latin America and the Caribbean have implemented various measures to this end, but in a limited manner with limited coordination and without taking a holistic approach to achieve significant changes in rural territories, particularly those with higher rates of rural poverty. This does not mean that there are no valuable experiences in the region from which lessons can be drawn.

For countries to resume their path towards rural poverty reduction, it is necessary to break with old paradigms, both at the political and technical level:

- Economic growth alone will not end rural poverty. It
 must be accompanied by actions that ensure changes in
 the productive, social and political structures of rural
 areas.
- It is necessary to recognize that the rural population is important for the sustainability of economic and political systems, and for the development of the countries of the region.
- Rural poverty will not be eradicated if the measures are limited in scope, or if the hope is for a silver bullet to solve the problem. Eliminating rural poverty requires complex multisectoral and intergovernmental actions.

As a result, the political commitment to the eradication of rural poverty is essential.

It is imperative that countries of the region resume a path of economic growth that generates a good environment of opportunities and sufficient fiscal resources to implement effective public policies.

It is also necessary to draw on the lessons learned by the countries of the region in order to implement effective and coordinated measures on a large scale. These policies and actions should be based on a territorial approach and synergies between the public and private sectors, as well as the participation of organized rural society. They must be able to reach a sufficient scale in order to have a significant impact on rural poverty reduction, and they must be adapted to the characteristics of each territory.

New expanded and inclusive governance models for rural development are also needed. Recent experiences in the region, and the world, show that the effectiveness and efficiency of these actions depends to a large extent on overcoming preconceptions and inertia that limit rural policies to the agriculture sector. As discussed in previous chapters, agriculture is, and will continue to be, an important driver of rural poverty reduction and development. However, if the goal is to achieve poverty eradication, it is essential to complete a virtuous circle of political, technical and operational coordination between different actors in the public and private sectors, and in civil society.

The relationship between rural areas and the public sector should not be limited to the ministries of agriculture. The participation of these ministries is certainly important, but given the multidimensionality of poverty, the participation of the ministries of social development and environment is important, as well as other departments responsible for: the provision of infrastructure, including transport, water and sanitation, energy and telecommunications; the diversification of rural employment, including economy, labour and social security; the providers of key public services, such as health and education; and authorities at the sub-national and territorial levels, including municipalities, local governments, and other organisations.

As for the private sector, it is important to promote dialogue and coordination with companies in the rural sector – for example, agro-exporters and natural resources companies —and with firms in value chains linked to rural areas—services, food, tourism, transport and logistics, among others.

Finally, with regard to civil society, mechanisms should be established for the participation of local actors in each territory, as well as for strengthening the public policy cycle through producer, social and community organizations of different types, such as the Special Meeting on Family Farming of the Common Market of the South (REAF) (see Box 22), and communities of indigenous peoples.

BOX 22. REAF-MERCOSUR

The Specialized Meeting on Family Farming (REAF) of the Common Market of the South (MERCOSUR) is an organisation of civil society actors, including rural cooperatives and producer organisations, and public institutions responsible for promoting rural development in its member countries: Oriental Republic of Uruguay, Argentina, Brazil, Paraguay, Chile, Ecuador and Plurinational State of Bolivia. It was founded in 2004 with the aim of proposing general guidelines for public policies specialized in family farming.

REAF emerged as an initiative that seeks to transcend traditional institutional approaches, in order to include a diversity of social groups and their respective leaders. In other words, it aims to foster a regional space for reflection with the participation of groups from diverse socioeconomic backgrounds.

As a consultative body of MERCOSUR, REAF makes recommendations and technical definitions, facilitates political dialogue and knowledge-sharing between countries

and with other regions of the world, as well as providing training and technical assistance to strengthen institutionality and family farming policies in the region. REAF addresses family farming through six main areas: family producer registration, access to land, youth, gender, climate change and trade. During its 14 years of operation, this valuable dialogue and policy strengthening mechanism has received technical and financial support from IFAD and FAO.

The main achievements of REAF include its support for the creation of national family farming databases in South American countries, technical assistance for the design of databases in Central America, technical support for the design of regulations and policies to strengthen public procurement schemes from family farming, training programs for public officials, especially related to rural women and young people, and helping to reach a consensus on a politically and technically viable definition of family farming.

TABLE 11. REAF DECISIONS, RESOLUTIONS AND RECOMMENDATIONS APPROVED BY MERCOSUR'S COMMON MARKET GROUP AND COUNCIL (2004-2014)

Year	Regulation	Title		
2004	Resolution 011/2004	Creation of the Specialized Meeting on Family Farming in Mercosur (REAF)		
2007	Resolution 025/2007	Guidelines for the recognition and identification of family farming in Mercosur		
2008	Recommendation 006/2008	Guidelines for gender equality in public policies for family farming		
2008	Decision 045/2008	Creation of the Family Farming Fund (FAF)		
2009	Recommendation 003/2009	Guidelines for a risk management policy and rural insurance for family farming		
2009	Decision 006/2009	Regulation of the Family Farming Fund (FAF)		
2010	Recommendation 005/2010	Guidelines for the elaboration of differentiated financing policies for family farming		
2011	Recommendation 002/2011	Rural education		
2012	Resolution 042/2012	Agreement between FAO and Mercosur for the administration of the FAF		
2012	Decision 059/2012	National Voluntary Registries of Family Farming		
2014	Recommendation 001/2014	International Year of Family Farming		
2014	Decision 02/2014	Family Agriculture Certification		
2014	Decision 20/2014	Mutual Recognition of the National Registries of Family Farming.		

Source: FAO and REAF/MERCOSUR (2016).

1. CREATE SPACES FOR POLITICAL DIALOGUE TO MAKE THE ELIMINATION OF RURAL POVERTY A PRIORITY ON THE PUBLIC AGENDA

Every country should recognize the urgency of efforts to eliminate rural poverty, particularly in this latest cycle of lower, but still positive economic growth rates. At the same time, in order for countries to meet their commitments assumed under the SDGs, the political dialogue on rural poverty must be strengthened.

A key task is creating a public consensus so that policies for rural poverty reduction are a high priority on the public agenda in countries of Latin America and the Caribbean. To this end, there is a need to develop coalitions that promote expanded and/or stronger anti-poverty policies, with the aim of involving institutions and actors beyond the important contribution of rural social movements.

In addition to political leadership at the highest level, the creation of a policy dialogue to highlight the urgency of resuming efforts to eliminate rural poverty requires an in-depth study on the current situation of rural poverty in each country.

The reasons for each country to prioritize the reduction of rural poverty may be different. However, all countries in the region urgently need to restart the debate on how to achieve this goal, who should lead the effort and with what resources. Chapter 2 will help each country to define this process of dialogue given that there are many reasons to prioritize the elimination of rural poverty.

But more action is required.

Contributions from actors beyond the policymakers should also be considered. For example, more citizen participation is needed, which means that other actors, such as the media, must play an active role. To raise the issue of rural poverty on the public agenda, developing an effective dialogue with these groups is essential.

Each country must develop its own narrative that generates support for actions aimed at eliminating rural poverty. Academic, technical and practical skills are required to ensure that the dialogue is a knowledge-based process.

This dialogue should be recognized as a political process, which requires proposals but also negotiations, consensus and actions to monitor the implementation of the agreements.

TABLE 12. ACTORS AND ORGANIZATIONS RELATED TO RURAL POVERTY AND THEIR LEVEL OF INFLUENCE

Actors	Level of influence	
International organizations: FAO, UNDP, ECLAC, OAS, World Bank, among others	High	
Public entities: ministries, secretariats, local governments, among others	High	
Civil society: research organisations, associations, foundations, unions	High	
Private companies and foundations	Medium high	
Universities and academics that influence public decisions	Medium	
Internal and external political advisors	Low	

Source: Fernández and Rugel (2018).

FIGURE 14. PROGRESS TOWARDS THE SDGS IN LATIN AMERICA AND THE CARIBBEAN IN 2018



Source: Sachs et al., 2018

Of course, this requires a minimum level of institutional stability to ensure the sustainability of the actions. In this regard, a sector-specific dialogue is not enough. The elimination of rural poverty requires an on-going effort and permanent monitoring.

There is a key group of actors that should participate in any dialogue aimed at promoting the elimination of rural poverty. Fernández and Rugel (2018) present a list of the main actors working on the issue in the region, and highlight those that should be included at the national level.

Any dialogue requires negotiation and, ideally, it should include grassroots rural organizations, not only to incorporate the voices of these groups, but to make the dialogue process more sustainable. With some exceptions, such as REAF (see Box 22), rural organizations in many countries are weak, with limited influence in national and public spheres.

This dialogue should facilitate the creation of discursive, technical and political alliances to promote the elimination of rural poverty, as well as generating spaces for learning, exchange and innovation. For example, FAO and the International Fund for Agricultural Development (IFAD) have promoted the creation of the Alliance for the Elimination of Rural Poverty to bring together experts and make their knowledge available to policy decision-makers in the region (see Box 23).

BOX 23. THE ALLIANCE FOR THE ELIMINATION OF RURAL POVERTY IN LATIN AMERICA AND THE CARIBBEAN

In 2017, the United Nations Food and Agriculture Organization (FAO) and the International Fund for Agricultural Development (IFAD) created the Alliance for the Elimination of Rural Poverty. The objective is to support the implementation of a renewed set of politically and technically feasible proposals in Latin America and the Caribbean (Berdegué and Saravia, 2017). This cooperation mechanism is designed to ensure that, by 2030, the countries of the region will achieve SDG 1, corresponding to the eradication of extreme poverty.

Currently the Alliance is made up of 30 experts in rural development and anti-poverty policies, with broad experience in the public and academic sectors.

According to Berdegué and Savia (2017), the Alliance has three main areas of action:

 Build a narrative that helps to put the elimination of rural poverty on the public agenda in Latin America and the Caribbean: The Alliance recognizes the political dimension of public policies and therefore works to generate knowledge and actions that bring together the actors that have contributed the greatest political, administrative and financial resources to this cause.

In addition, an effective narrative comprised of multisectorial and holistic arguments can contribute to placing this extremely urgent issue on the political agenda, as well as overcoming misunderstandings that have become commonplace in discussions on the subject. Public officials may even hold such misconceptions, for example that "rural poverty is more acceptable than urban poverty because of the capacity of rural inhabitants to produce food and to satisfy an important part of their basic needs through self-production" (Fernández and Rugel, n.d.:, 35). 2. Make proposals to expand the economic opportunities for rural people living in poverty and indigence, linking social protection and economic inclusion initiatives: Although it is important to place the issue of rural poverty on the public agenda and convince policymakers and civil society that specific measures are necessary, more needs to be done. It is also necessary to establish specific policy proposals to reverse the current precarious situation faced by millions of rural families in Latin America and the Caribbean.

In this regard, the elimination of rural poverty in the region requires taking advantage of the different labour markets with potential in rural areas. Clearly, agriculture should be one of the main focus areas. However, not all rural territories in the region have potential in this area. For this reason, Rural Non-Farm Employment (RNFE) is an important alternative. In addition, social protection measures and the promotion of transport and social infrastructure as a "precondition" for development are also important as part of the fight against rural poverty.

3. Support processes that help to strengthen the institutionality required to eliminate rural poverty:

The success of policies to eliminate rural poverty lies to a large extent in the national and sub-national institutional capacities of the actors responsible for executing these projects. Therefore, helping to strengthen modern, inclusive and transparent public entities in rural territories should be a priority of the Alliance.

2. RECOGNIZE THAT ECONOMIC 3. GENERATE A NEW PUBLIC **GROWTH IS NECESSARY TO ELIMINATE RURAL POVERTY, BUT IT IS NOT ENOUGH**

Although resuming a path towards sustainable growth is on the agenda of all countries in the region, this growth must be inclusive. This means it must be accompanied by effective public policies that benefit the entire population and generate opportunities for rural populations, especially the most disadvantaged and those who live in the most lagging territories.

The studies mentioned in Chapter 3 indicate that twothirds of poverty reduction in the region can be directly attributed to economic growth in recent years, but also that in periods of slower growth this trend is supported by policies focused on the most vulnerable people and territories.

The history of the region early in the 21st century offers a key lesson: countries must take advantage of periods of economic growth to eradicate rural poverty. In the past, even during commodities boom cycles, economic growth has excluded a large part of the rural socio-productive sector.

In order to reverse this situation, policies are required that generate more opportunities for people living in poverty, as well as more fiscal resources to close infrastructure and basic services gaps that affect the poorest rural population.

How much economic growth contributes to the reduction of rural poverty is still open to debate. However, the evidence in the region suggests that although economic growth is very important, it must be accompanied by sector-specific policies that contribute to rural poverty reduction. For example, policies that reduce economic, social and environmental barriers that prevent the rural socio-productive sector from sharing in the benefits of growth.

People living in poverty in rural areas usually face many obstacles that prevent them from taking full advantage of the opportunities that economic growth offers in more favourable contexts, such as in urban areas or areas with lower poverty rates. Consequently, in order for economic growth to have a greater impact on the reduction of rural poverty, it is necessary to carry out additional actions that eliminate the barriers in territorites and households with higher poverty rates.

In conclusion, given the low population density and the high rates of poverty and extreme poverty in rural areas, policies are needed beyond the impact of economic growth alone.

POLICY CYCLE AND INITIATIVES BASED ON THE EXPERIENCES IN THE REGION

As previously noted, the key variable for poverty reduction is inclusive economic growth, especially if this is based on productivity improvements and greater opportunities for participation in markets through better access, technologies, training and financing, quality jobs and decent income that allows families to meet their basic needs. But, as indicated above, economic growth is not enough on its own. More inclusive growth is required, along with policies focused on rural areas that are adpated to the realities of these territories.

In Chapter 3, five action areas were identified as being necessary to reduce rural poverty. These five areas reflect the lessons drawn from the experiences in the region. Each area is based on proven initatives that have generated information and knowledge, but have also revelaed the challenges faced during their implementation.

The five areas, which are suggested as the basic foundation for any strategy aimed at reducing rural poverty, include actions related to different yet complementary aspects of the livelihoods of the rural poor. Specifically, the actions are designed to improve the competitiveness of the agricultural sector, with an emphasis on the development of family farming; expand social protection schemes and incorporate economic inclusion; promote adaptation to climate change and the sustainable use of natural resources by rural populations; facilitate access to dynamic non-agricultural labour markets; and provide comprehensive infrastructure packages, as opposed to the traditional practice of gradually building necessary infrastructure.

Much progress has already been made in the region in these five areas, with different levels of success in different countries and territories. The lessons learned should serve as the basis for building and implementing new and better proposals.

To achieve this aim, countries must implement measures in all five of these areas in a coordinated manner in each territory, thereby avoiding the "duplication" and "fragmentation" of efforts, while taking advantage of "synergies" within the public sector, and with the private sector and civil society.

In addition to interventions aimed at people and households, these actions must promote environmental conservation in the local territory. In other words, complex interventions are required with a multidimensional perspective that

generate institutional synergies in the territory. However, to date in the region there have been few successful experiences with this result.

Many of the actions mentioned in this report have been implemented on their own or on a limited scale. Integrated policies can have a significantly greater impact than isolated interventions, regardless of their quality. In addition, integrating public policy actions —both intersectoral and intergovernmental— can generate greater efficiency in terms of resources, which becomes especially important in times of fiscal austerity.

In addition, this new policy cycle aimed at eliminating rural poverty must achieve sufficient scale in order to have a significant impact on rural poverty in the countries.

The new policy cycle to eliminate rural poverty should include alliances between the public, private and social sectors in the region. To take full advantage of this new policy cycle, it must include adequate monitoring schemes, a renewed evaluation strategy and new and better approaches to measuring rural poverty (such as the Rural Multidimensional Poverty Index)³³. Only in this way will knowledge be obtained to improve existing interventions and share the lessons learned with the rest of the countries in the region.

4. THE IMPORTANCE OF INTER-NATIONAL COOPERATION TO MEET THE CHALLENGE OF ELIM-INATING RURAL POVERTY

The Sustainable Development Agenda has set the standard for national, regional and global efforts in the area of international cooperation. In essence, achieving the SDGs requires the coordination of environmental, social and productive agendas, as well as respecting the principle of "leave no one behind". Eliminating rural poverty should be considered a special component of sustainable development, given its potential contribution to achieving SDG 1 and other targets of the 2030 Agenda.

In this context, international development efforts must take into account the specific conditions of rural poverty in each country. Multilateral financing should support efforts to develop scalable experiences with intersectoral coordination and innovation, the development of infrastructure in

rural areas, the financing of productive inclusion programs and a comprehensive evaluation program. Many countries in Latin America and the Caribbean face challenges caused by their transition to upper-middle and high-income economies, with the dynamics of access to international financing mechanisms that this entails. However, as discussed in this report, global indicators tend to hide the harsh realities in rural areas, which is why it is necessary to identify more flexible multilateral financing criteria and policies, including contributions by local governments, in line with the capacity of each country.

Many countries in the region, such as Mexico, Brazil and Chile, already have international cooperation policies and strategies for development projects. However, these instruments can be strengthened in line with the regional agenda of rural poverty reduction, and replicated in other countries.

Meanwhile, technical assistance and South-South cooperation strategies must also be updated according to these national priorities. The regional integration organizations of Latin America and the Caribbean have developed a set of management strategies and policies, which when implemented at the territorial level can make a difference for rural inhabitants of the region. However, the implementation of these policies needs to be adequately financed with coordination among the international cooperation entities. As mentioned in Chapter 3, the region is not starting from zero on the path to eradicating rural poverty. In fact, in each of the five proposed areas of action, there are valuable experiences at the national and local levels that can feed South-South cooperation processes among the countries of Latin America and the Caribbean during the next few years, including political dialogues at the national and regional levels.

Within this framework, FAO continues to work with governments of the region, civil society, the private sector, international agencies and funds, and regional integration organizations towards the development of effective national strategies for the reduction of rural poverty. Part of this effort is reflected in FAO's strategic framework for addressing extreme poverty (see Box 24).

FAO, as an agency of the United Nations system with a mandate focused on ending hunger and all forms of malnutrition, the eradication of rural poverty and the sustainable management of natural resources, can be a partner of high strategic value in technical assistance processes, South-South cooperation, political dialogue and large development projects with multilateral financing aimed at eradicating poverty in the rural territories of the region.

³³ For example, World Bank (2018).

BOX 24. FAO'S STRATEGIC FRAMEWORK FOR ADDRESSING RURAL EXTREME POVERTY

Extreme poverty is a social phenomenon characterized by the most intense levels of economic precariousness and exclusion that impede people from living a dignified life. These vulnerable populations face greater restrictions in access to markets, which makes it more difficult for them to benefit economic growth. In addition, the rural areas where they live tend to have underdeveloped or deteriorated human capital due to years of undernourishment and lack of access to basic services, such as healthcare, housing and education, including training and information. Therefore, specific actions are needed to address this social problem.

But who makes up the population of extreme poor? There is no single definition of extreme poverty. For example, in accordance with the Sustainable Development Goals (SDG), someone is in extreme poverty if their spending capacity per day is lower than USD 1.90 of purchasing power parity (PPP). Although the national statistical institutes of each country use their own definitions, this criteria, established by the World Bank, allows the comparison of countries with different geographical and cultural contexts.

Regardless of how extreme poverty is defined, the extreme poor generally live in rural areas, with larger families, more children and lower educational levels than the non-poor and moderately poor (Castañeda *et al.*, 2016). They also depend largely on subsistence and wage-earning agriculture, which links their income directly to the exploitation and sustainable management of natural resources.

Therefore, given the close relationship between extreme poverty, rural territories and agricultural activities, FAO has

proposed specific actions for this vulnerable population based on the principle of "leave no one behind".

In addition to promoting inclusive economic growth, investments in basic public services, and multisectoral interventions, FAO aims to take the following targeted actions (FAO, 2018k):

- Incorporate extreme poverty explicitly in official reports, in order to recognize its different dimensions and propose specific measures to solve this problem.
 This implies improving FAO's methodological tools of poverty analysis.
- Participate more actively in efforts at the global and national level to eradicate extreme poverty. This objective involves strengthening the technical and administrative capabilities of the organization to support Member States.
- Bring together successful experiences of the eradication of extreme poverty from around the world, in order to disseminate specialized knowledge that allows the design and implementation of better public policies in the region.
- 4. Ensure that all actions aimed at tackling extreme poverty do not generate undesirable effects, such as an increase in the cost of living or negatively affecting the social and cultural dynamics of the population.

FAO's activities in terms of rural poverty are focused on four areas of public policy development:

- Productive inclusion of small-scale producers through the promotion of associativity, access to natural resources (land, water), inputs and markets, and the empowerment of the rural population.
- Labour inclusion through the generation of decent employment in rural areas, encouraging the inclusion of the rural population in agrifood value chains, as well as in other sectors of the rural economy.
- Providing support for countries in the expansion of social protection systems in rural areas, including the strengthening of rural household risk management,

- food security and nutrition, and synergies with agriculture and other productive activities.
- Strengthening intersectoral cooperation between different ministries and programs to reduce rural poverty through coordination mechanisms and tools (standards, monitoring and evaluation) with a territorial, gender and ethnic approach.

FAO also supports countries in collecting statistics on rural livelihoods, as well as in the social and economic analysis of issues such as migration, small-scale farming, poverty and livelihoods in rural areas.

In addition, FAO provides support in the evaluation of social and productive programs, including methodologies

such as quantitative impact assessment and qualitative or mixed methods. FAO, together with IFAD, coordinates the Alliance for the Elimination of Rural Poverty, working with more than 20 researchers, experts and decision-makers linked to successful rural development strategies. The Alliance seeks to bring together a set of experiences, knowledge and shared visions about the challenges to overcome poverty in rural areas, as well as new ways of dealing with it. As a result, the positive experiences of countries that have prioritized the issue in their development agenda represent a public good for the entire region.

FAO's technical assistance has played an important role in the development of regional instruments, such as SICA's Social Protection and Productive Inclusion Agenda, the SAN Plan and CELAC's 100 Hunger and Poverty-Free Territories Strategy. Also, FAO supports REAF-MERCOSUR and actions related to innovation in the Agrifood Systems of the Secretariat of the Caribbean Community (CARICOM).

In terms of productive inclusion, within the framework of "dual inclusion" (labour and social inclusion), FAO's work is focused on the agriculture sector and social programs.

From an agricultural perspective, FAO has the capacity and technical expertise to support the design and implementation of new productive techiques to strengthen livelihoods (including forestry and fishing activities), agricultural systems, sustainable management of natural resources and value chains.

In terms of social programs, FAO is focused on framing programs within broader strategies of poverty reduction, rural and agricultural development, and at various levels (national and territorial), in order to ensure their sustainability and effective links with long-term investment programs.

FAO has a long history of working with the agricultural and productive sector in the region, especially with ministries of agriculture, cooperatives, companies, local governments, environment ministries and others. Thus, FAO works to ensure that productive investment programs effectively reach the most vulnerable population and/or foster synergies in the definition of social and environmental agendas.

As an accredited agency of the Green Climate Fund and an associate agency of the Global Environment Fund (GEF), FAO has solid international experience in the management of large-scale projects to integrate and strengthen synergies between the environment, production and social development.

In addition, FAO has a long track record in working with indigenous and Afro-descendant peoples of the region. It has generated knowledge about their livelihoods and aspi-

rations, which has allowed them to improve the design of productive programs. Similarly, FAO continues to highlight the importance of the empowerment of women and rural youth.

Finally, FAO, together with IFAD and WFP, is part of the group of agencies of the United Nations system based in Rome, which share guidelines and basic principles regarding the integrated development of rural areas, the inclusive transformation of agriculture, and food and nutritional security. In order to avoid duplication and inefficiencies, and to maximize synergies, these Rome-based agencies have established global actions for cooperation at the political, technical and operational level in the areas of analysis, data strengthening and information systems, joint accountability, and shared budgetary goals at the national level, thus offering the countries of the region a broader platform of cooperation in the development of a new policy cycle to eradicate rural poverty in the coming years.

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2018

OVERVIEW OF RURAL POVERTY

IN LATIN AMERICA AND THE CARIBBEAN

SOLUTIONS FOR ELIMINATING RURAL POVERTY IN THE 21st CENTURY

Latin America and the Caribbean is falling short of the Sustainable Development Goal 1: Ending poverty. After two and a half decades of progress, poverty and extreme rural poverty increased by two percentage points each between 2014 and 2016. By 2017, there were an estimated 59 million poor and 27 million extreme poor in rural areas of the region.

Nine countries in the region will not reach SDG 1 in their rural areas if they do not significantly accelerate their rate of poverty reduction.

The reduction of rural poverty is necessary to solve problems that are highly important for sustainable development, such as reducing social inequality, ethnic and gender discrimination, violence, illegal economies and citizen insecurity, irregular and insecure migration from rural areas, food insecurity and malnutrition, and the exhaustion and unsustainable use of natural resources. The world needs prosperous and cohesive rural areas.

During the last 20 years, Latin America and the Caribbean has been at the forefront of global experiences in the reduction of rural poverty. The new regional context implies that the countries of the region must not only protect the progress made in social, productive and environmental matters, but that they must also lead a new cycle of public policies that are more integrated and innovative in order to resume the path of poverty reduction and achieve the Sustainable Development Goals by 2030.

This new cycle of policies should be built and expanded in each country through the strengthening of more efficient, inclusive and sustainable agricultural sectors; expanded social protection, sustainable management of natural resources, rural non-farm employment and the implementation of integrated packages of rural infrastructure.

FAO calls for the elimination of rural poverty through commitment and action by a broad set of local, national and international actors. Positive results will only be achieved with adequate and inclusive mechanisms of local and national governance, the launching of a new narrative regarding poverty, and the effective and coordinated action of all actors.





