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Towards a transformative agenda for sustainable rural development

Summary

Latin America and the Caribbean (LAC) has taken a backward step in the progress made on reducing levels of poverty over recent decades. Inequality persists, especially in rural areas, excluding millions of people from the dynamics of development. This represents a growing threat to the growth, wellbeing and peace of the whole region and hampers the fulfilment of Goal 1 of the 2030 Agenda for Sustainable Development to end poverty.

Since 1990, the countries in the region have managed to rescue a substantial number of people from poverty thanks to a positive macroeconomic environment and institutional innovations as well as policies articulated in favour of the most vulnerable families¹.

Nevertheless, this progress is currently at risk due to the economic slowdown in the region and the increase in poverty over recent years. This has revealed the structural problems of current development dynamics, which have been inadequate in eradicating the root causes of rural poverty.

¹ Between 2000 and 2015, the average public social spending of central governments of 19 Latin American countries increased from 11 percent to 14.5 percent expressed as a percentage of Gross Domestic Product (ECLAC. 2017. *Social Panorama of Latin America 2016*. Santiago, Chile).

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The current economic and social environment in the region needs to rethink development strategies for rural areas to respond to the issues of poverty, inequality, the constructive inclusion of women, indigenous people and youth, migration, the consequences of climate change and the need to improve the integration of family farmers into global markets.

All of this requires a rethink of the status quo of regional institutionality that supports rural areas and of public policies already in place to unlock the productive potential of millions of people who have been left behind by the current development model. A new territorial approach is required for rural development that incentivizes public participation, multisectoral policies, the development of small and medium-sized cities and urban-rural links as core elements for structural changes to the dynamics of rural areas.

Recommendations for the Regional Conference:

- Recognize that there has been a serious setback to the reduction of poverty in LAC over recent years, and request FAO support in helping countries in the region to strengthen comprehensive strategies for the eradication of rural poverty by protecting and increasing the levels of social protection and coordination with economic inclusion strategies; to reduce social inequality, in particular for women, young people and indigenous communities; and to economically and socially regenerate rural territories.
- Request FAO support to help Member States in rural areas that are subject to migration due to instances of violence, lack of opportunities, food insecurity and rural poverty, limited access to resources and services as well as exposure to environmental risks.
- Recognize the economic, social and cultural value of family farming, and request FAO support to help Member States to strengthen comprehensive policies that are separated into their relevant segments, paying particular attention to safeguarding biodiversity and the sustainable management of natural resources and thus providing sustainable foundations for reducing rural poverty, hunger and malnutrition in these territories.
- Request FAO technical support to design and implement public policies and multisectoral and public-private governance systems that ensure the development of agrifood systems to generate nutritional, social, environmental and economic benefits that are suitably balanced, extending opportunities for family farming and small and medium-sized rural enterprises (SME) as well as rural social sectors that are living in poverty.

I. Towards inclusive rural transformation in Latin America and the Caribbean

1. It is estimated that by 2030, the completion date for the Sustainable Development Goals (SDG), LAC's total population will comprise approximately 700 million people. According to calculations by the Economic Commission for Latin America and the Caribbean (ECLAC), the rural population will reach 140 million by this date, despite the region's substantial urbanization process².

² ECLAC. 2016. *Social Panorama of Latin America 2015*. Santiago, Chile.

According to figures from the Organization for Economic Co-operation and Development (OECD) this total could be greater and may even reach approximately 210 million rural people.

2. Just as in other parts of the world, LAC is facing a rapid and profound process of rural transformation. The current challenge is to make this transformation inclusive in order to help reduce poverty and close the urban-rural gap to reduce inequality³. For this to happen, market forces must combine with macroeconomic, spatial and development planning. The state must be at the centre of this comprehensive planning whilst encouraging social participation and interinstitutional coordination.

3. Despite the advances achieved in the last two decades under the previous framework agenda of the Millennium Development Goals (MDG), in 2014, 28.5 percent of the region's population was in a state of poverty (168 million people), a percentage that increased to 29.8 percent in 2015 (178 million people) and to 30.7 percent in 2016 (186 million people)⁴. In the meantime, extreme poverty rose from 8.2 percent in 2014 (48 million people) to 10 percent in 2016 (61 million people).

4. The prevalence of poverty and destitution in rural areas is double that of urban areas, a gap that has remained practically unchanged in recent decades. This has been exacerbated by an increase in poverty and extreme poverty rates in rural areas: in 2014, rural poverty and extreme rural poverty in the region were 46.7 percent and 20 percent respectively, while in 2016 rural poverty rose to 48.6 percent and extreme rural poverty to 22.5 percent⁵. This demonstrates in both absolute and relative terms that inhabitants from rural areas are hugely socially disadvantaged from birth and this is especially the case for women, members of indigenous communities, afro-descendants, rural youth and inhabitants from territories that are persistently disadvantaged. These disadvantages may be exacerbated by the severe setbacks in the reduction of poverty over recent years and may affect millions more in the future.

5. Using the multidimensional poverty measurement⁶ that includes aspects such as poor housing, overcrowding, the lack of basic services, energy, education, employment and social protection, it is possible to see that even when poor rural households were able to benefit from some general improvements in access to goods and services in recent years, it was not followed immediately by an effective improvement to income and livelihoods.

6. Inequality in LAC hinders social mobility, given that it tends to be replicated through a structure of opportunities and privileges that restrict the exercising of rights and compromise social cohesion. The region is on a par with sub-Saharan Africa as the most unequal region in the world, with a Gini coefficient close to 0.44⁷. These levels of inequality are even more evident in rural sectors and are replicated in key dimensions of territorial development: for example, the Gini coefficient on land distribution in the region is 0.79⁸.

7. Territorial asymmetries are a key element in understanding the persistence of poverty and inequality in rural areas. Territorial inequality is often linked to the natural conditions of these territories but is due mainly to the lack or difficulty of access to basic conditions for development, such as infrastructure, productive resources and public services, which generate spatial mechanisms that lead to inequality and poverty.

8. Rural transformation processes that have been experienced over recent decades have been exclusive. Domestic and international migration is still relevant and is a response to survival strategies of communities that are unable to find the opportunities that would enable them to improve their

³ IFAD. 2016. *Rural development report 2016: Fostering inclusive rural transformation*. Rome.

⁴ ECLAC. 2017. *Social Panorama of Latin America 2017*. Santiago, Chile.

⁵ ECLAC. 2017. *Ibid.*

⁶ ECLAC. 2016. *Op. Cit.*

⁷ ECLAC. 2016. *Horizons 2030: Equality at the centre of sustainable development*. Santiago, Chile.

⁸ This coefficient is 0.57 in Europe, 0.56 in Africa and 0.55 in Asia.

standard of living in rural areas; this is particularly the case for young people. Most of the rural population of LAC live and work in rural-urban territories. Normally, this is in small and medium-sized cities that maintain very close relations with rural areas. It is estimated that by 2025, between 35 and 65 percent of the population of Latin America will live in territories of these characteristics⁹, including the vast majority of the rural population and between 30 and 50 percent of the urban population.

9. The region's productive structure is diverse. It coexists on the one hand alongside a capital and technology-intensive corporate sector that has successfully managed to integrate itself into global agrifood markets, and on the other a broad socioproductive sector based on subsistence farming, non-farming rural microenterprises and the landless rural population that has been unable to participate in more dynamic economic circuits, who in many cases form part of the poor or marginalized population. Between these two extremes there is an intermediate sector that is able to connect to the markets, but that continues to be extremely vulnerable to economic and political shocks as well as agroclimatic risks.

10. Even though rural households have diversified their sources of income over recent decades, many rural poor in the region are still dependent on farming as their main means of livelihood. The lack of access to productive resources and to rural services prevents many of these farmers from improving their levels of production and productivity. The high transaction costs of rural markets are also a major impediment to their development. In addition to this, climate change increases the vulnerability of rural households in the face of climate variability and extreme events. The lack of land, other assets and productive services has incentivized many to search for new employment opportunities, such as selling manual labour and services to the agricultural sector and developing small businesses as well as integration into non-farming rural jobs.

11. Although currently there are public policies aimed at the rural population, they do not generate a transformative impact on the structural development of these areas due to their excessive sectoralization and their fragmented and disjointed implementation in the territories. Even when states and partners that promote development have managed to initiate inclusive policies and programmes, there is still a huge challenge in terms of scale, coverage and interaction with broader strategies for sustainable rural development. In many cases the acquisition of public programmes and corruption are still significant problems, despite the efforts of governments and society to reduce them. Finally, the prevailing insecurity in many rural territories in Latin America is another factor that limits the impact of public policies.

12. Despite these limitations, it is worth mentioning that the region's governments have maintained high-level political commitment to the eradication of poverty and hunger, as well as commitments that they have adopted in the 2030 Agenda for Sustainable Development. Political commitment in the region has also been expressed in several resolutions of the Community of Latin American and Caribbean States (CELAC), the Central American Integration System (SICA), the Southern Common Market (MERCOSUR), the Pacific Alliance, and the Caribbean Community (CARICOM).

13. In addition, it is possible to see a consolidated territorial approach in the discussions and strategies on rural development for the region, in conjunction with the need to overcome the fragmentation of policies, actors and institutions, strengthen intersectorality and improve the efficiency of public investments. This means recognizing the dynamics and demands of rural territories more precisely to direct the definition and interaction of public policies and stimulate the forging of stakeholder alliances.

⁹ RIMISP. 2016. *Las ciudades en el desarrollo territorial rural*. Serie Claves para el Desarrollo Territorial [Cities in rural territorial development. Series: Keys to Territorial Development.]

II. Rural transformation challenges: public policies for inclusive and sustainable territorial development

14. **Different policies for different realities.** The development of public policies that have as their goal improving the living conditions of rural populations is fundamental, and their approach must go beyond a purely agricultural scope. These public policies must take into account characteristics, limitations and the potential of households in their territories, and understand that different policies are required for different realities. It is particularly important to focus a large portion of efforts on households in poverty, given that without state help, it is very difficult for them to break the cycle of poverty in which they find themselves.

15. **The role of family farming.** Farming is still the main economic activity in rural areas and the main source of employment for the economically active population in these areas. Support for farming must be a state priority, in particular for family farming, which makes an essential contribution to food and nutrition security in the region. The region has experienced an explosive increase in excess weight and obesity rates. The consumption of fresh and varied produce instead of highly processed foods is an excellent opportunity for family farmers. Family farming also provides an economic impetus in the territories, especially for those households that perform commercial farming activities. In order to take greater advantage of this potential, differentiated policies are required to support family farming and overcome the limitations it faces, including access to rural services and assets, fostering the organization of family farmers via cooperatives and associations, adding value to farming products and establishing short value chains in territories, thereby benefiting from the potential of local identities to generate income and environmental sustainability.

16. **Collaborative participation in public policies with a territorial approach.** The process of constructing policies must be carried out in a collaborative manner, incorporating local institutions and central governments, civil society and private companies. A territorial approach is essential in this construction, because it is only through its application that it is possible to understand the multiple requirements of populations, the dynamics of power in each territory and the way these dynamics shape economic, social and ecological transformations in territories¹⁰. There are many times when these power dynamics lead to conflicts of interest and expectations, due to the disparity between stakeholders and the myriad of positions and interests at play. States must take the lead in these processes and generate participation and discussion bodies to enable the creation of public policies that can support and boost inclusive development in the territories.

17. **Strengthening and empowering civil society.** The empowerment of civil society as a valid and informed interlocutor within a framework of collaborative participation in policies is particularly relevant. Traditionally, the poorest sectors of the population remain distant from discussion fora, unable to influence decisions that will affect them directly. They are often considered mere beneficiaries of the said policies, and not active subjects in the construction and implementation of these policies. Networks should also be set up between youth and women's organizations in rural areas and migrant organizations, including the diaspora.

18. **Strategies for multisectoral development.** The "atomization" and "compartmentalization" of public policies, defined by sectors of activity or by the different mandates and responsibilities of ministries or secretariats, limit sustainable impact on territories. What is required is an interdisciplinary approach and the coordinated construction and implementation of different sectoral policies to adequately address the structural limitations faced by rural households, companies and territories. This is why states must develop interministerial coordination mechanisms, as well as

¹⁰ FAO. 2017. *A territorial perspective for reducing rural poverty and inequality*. Rome.

suitable instruments, institutionality and governance mechanisms for territorial management and to promote synergy and coherence between sectoral policies, including migration policies.

19. **The potential of rural-urban links.** In the transformation process that LAC is currently undergoing, the makeup of rural-urban territories opens the possibility of more inclusive economic growth, the reduction of poverty and ample opportunities for rural inhabitants. Strengthening links between rural areas and small cities and villages has advantages for the rural population, such as access to vital services, a greater diversity of economic activities and a more dynamic job market, as well as offering market opportunities to family farmers and small rural entrepreneurs.

20. **Migration.** Migration is a key element in the survival strategies of rural households in LAC. Migrant remittances are a source of livelihood for many rural households and they also play a significant role in national economies. The productive potential of remittances, as well as the return of migrants who have gained new skills and competencies, could contribute to their communities of origin, helping to reverse the poverty cycle. In a global context where there has been an increase in restrictions to migration, it is important to promote regular migration channels, including measures to address seasonal migration in agriculture, as well as confronting the root causes, especially in those territories that are strong “expulsion hubs”. Countries need to strengthen capacities to draft and implement policies that seek to revitalize these territories, reducing migratory pressures whilst generating socio-economic reintegration opportunities for people who return to live in their countries of origin.

A. Unlocking the economic potential of rural territories

21. **Strategic investment in territories.** Territorial asymmetries mean that it is necessary to equip territories with assets that can generate social cohesion and reduce poverty and inequality, as well as create the necessary conditions for private investment, which is fundamental for creating positive impacts in local economies. Investment in infrastructure is a determining factor (especially if it can be linked to the poorest people when allocated to the territories) but must go hand-in-hand with social investment (for example in education, social protection and employment access programmes) and strengthening governance. Offering the necessary incentives and stability to stimulate investment in the territories will strengthen the economic fabric and create business opportunities and economic integration for rural populations.

22. **Access to productive assets.** Although many rural poor in the region continue to depend on small-scale family farming as their main means of livelihood, in recent decades rural households have increasingly diversified their sources of income. Diverse economic activities that are developed in the territories represent a major challenge for public policies, which are linked to the access to and competition for productive assets (water, land, infrastructure and energy). For this reason, it is essential to adopt governance mechanisms for territorial planning and to design strategies that take into account comparative advantages and competitiveness in the territories with an integrated vision of the rural economy.

23. **Inclusive and pluralistic rural services.** The limited access to services is the main reason why rural territories are disadvantaged. The low levels of access to financial services (credit, savings and insurance) as well as non-financial services (technical assistance and rural extension, information services on pricing, weather etc.) leads to low-risk and less profitable economic strategies, with low levels of investment in innovation. Therefore, the development of new schemes is key, combining rural financial and non-financial services in an innovative manner and based on a pluralistic and inclusive perspective¹¹. Rural services must also recognize the growing job diversity in the countryside (for example, tourism, transportation, trade, construction and manufacturing), and therefore it is

¹¹ FAO and Royal Tropical Institute. 2016. *Towards Inclusive Pluralistic Service Systems: Insights for innovative thinking*. Rome. Available at <http://www.fao.org/3/a-i6104e.pdf>

essential to consolidate differentiated service policies to ensure that economic diversification of rural territories generates inclusive dynamics for development.

24. **Efficient, inclusive and sustainable agrifood systems.** Agrifood systems in LAC have undergone a major transformation in recent decades, driven by demographic, economic and technological factors. This transformation has enabled an increase in sectoral production and productivity and in the regional contribution to global food security, generating employment and income that help to reduce rural hunger and poverty and to mitigate some types of environmental impacts on agriculture. Nevertheless, this transformation has also led to adverse environmental effects; exclusion of certain social sectors and many SMEs, including important segments of family agriculture, and consequences to diets that cause excess weight and obesity as well as chronic non-communicable disease. These adverse effects reflect the weakness of public policies and, in some cases, a lack of governance over the transformation of agrifood systems. World growth in demand for food will continue to be a powerful incentive for continued development of inclusive and sustainable agrifood systems in the region. Therefore, the implementation of public policies and multisectoral governance and public-private systems need to be boosted to ensure the development of agrifood systems that generate adequately balanced nutritional, social, environmental and economic benefits, extending opportunities to family farming, rural SMEs and rural social sectors that live in poverty.

25. **Reconcile environmental, economic and social development agendas.** The region benefits from a biodiversity that has a high social, environmental and economic value for its population. Nevertheless, the economic use of its natural resources has not always generated greater well-being for rural populations. In addition, the effects of climate change impact asymmetrically on rural communities, mainly affecting poor households that depend on the stability of ecosystems for their livelihoods and development, but that have less access to information, productive assets, insurance mechanisms, support services, social protection and secure sites. Likewise, poor rural households often live together in territories near mining industries and agro-industries, which place greater pressure on local ecosystems. These are the reasons why productive and social policies must not be environmentally neutral, but instead must incorporate innovations to produce synergies and positive effects between these three spheres of action, including high-value strategic initiatives, such as the Global Programme of Action for Small Island Developing States (SIDS), developing governance mechanisms for natural resources, such as the Globally Important Agricultural Heritage Systems (GIAHS), via agro-ecology, green jobs, and social practices of sustainable environmental management.

B. Leaving no one behind: the social dimension of sustainable rural development

26. **Comprehensive social protection for rural areas.** Over the last 15 years, countries in the region have established conditional cash transfer programmes and other social protection programmes for populations in a state of poverty with relative success. Social protection programmes play a strategic role in rural development. These programmes have demonstrated that they can stabilize basic household consumption, promote the empowerment of human capital of children, and promote small productive investments. This is the reason why state investment in these programmes must be protected and increased, especially given the severe increase in poverty and extreme poverty in the region. While social protection on its own is insufficient to sustainably guarantee social mobility and increased productivity, over recent years the region has become more innovative in combined strategies for economic inclusion for participants in social programmes, strengthening their livelihoods and their links to other intermediate organizations and economic circuits that empower them. For this approach, it is essential for social protection to be aligned politically, technically and functionally with interventions in agriculture (and other economic activities) in the comprehensive strategies framework for rural development.

27. **Adequate rural employment policies.** Access to the formal job market and the quality of employment are two key elements for reducing rural poverty. A contemporary agenda for rural employment must aim to eradicate the worst forms of exploitation and child labour and must be

compliant with international standards for decent and safe employment, two aspects that are very relevant in salaried agricultural activities. Vocational training must also be included, in harmony with new employment trends in the countryside, such as developing new skills on management, finance and accounting; associativity and cooperativism; formulation and assessment of projects; non-farming rural employment; agro-ecology and agrotourism.

28. **Inclusive policies for rural women.** In LAC, between 8 and 30 percent of farm holdings are run by women¹². However, rural women suffer from significant discrepancies and discrimination that prevent their social and productive inclusion. They have less access to land (and if they are able to access it, it is of a lower quality) and other productive resources. This discrimination is reinforced by unpaid family work, which is undertaken by rural women, and they need to cope with the unequal distribution of care in the home and the workload of production for self-consumption. An inclusive policy on rural development would not only give rural women better coverage of social protection systems but would also clearly recognize the discrepancies and the social reproduction mechanisms that prevent their social inclusion and would promote active and differentiated development measures to overcome them.

29. **Indigenous people and rural development.** Indigenous and afro-descendent people from the region have higher levels of poverty and food and nutrition insecurity than the rest of the population. The adversity that they suffer has increased over recent decades, although social recognition of their role in conservation, the proper use and care of biodiversity and their multiple contributions to sustainable development has also increased. In 2011, FAO established a policy on indigenous and tribal peoples after extensive consultation. The policy identifies seven main areas of work within the framework for inclusive rural development¹³: a) the right to natural resources (land, water, fishing, forests, genetic resources, biodiversity, etc.) and their sustainable management; b) adaptation and mitigation measures to counter the challenges and vulnerabilities of climate change; c) formal recognition of rights to land, territories and other natural resources; d) food security, nutrition and the right to food; e) access to information, combined with the preservation of traditional systems, skills and knowledge; f) the promotion and preservation of biological and cultural diversity; and g) economic development opportunities for sustainable livelihoods.

30. **Social and occupational integration of youth in rural territories.** It is estimated that 31 million people between the ages of 15 and 29 live in rural areas in Latin America. Of these, 12 million (the majority of whom are women) are considered inactive and, within this group over 50 percent neither study nor work¹⁴. The job market is characterized by the predominance of informal working arrangements, by unpaid family work (especially in the case of women), moonlighting and job fragmentation, factors that create additional difficulties for the integration of young people into the job market. A new policy on rural development must recognize the gaps in access to assets and services for rural youth, as well as new demands for integration into the social fabric of their territories. The key for this population group is a more comprehensive approach on rural areas that goes beyond agricultural and productive aspects. Regeneration of rural territories is essential for youth to have concrete incentives to remain in them.

C. Renew and strengthen institutionality of rural development in the region

31. **The quality of institutions is a determining factor for development.** In the context of such a rapid and vigorous process of rural transformation in the region, it is necessary to count on renewed and strengthened institutionality to promote more inclusive and sustainable rural development. To

¹² FAO. 2013a. *Nota de Política sobre las Mujeres Rurales I*. [Policy note on Rural Women I] Santiago, Chile. Available at <http://www.fao.org/3/a-as107s.pdf>

¹³ FAO. 2011. *Política de la FAO sobre pueblos indígenas y tribales*. Rome. Available at <http://www.fao.org/docrep/013/i1857s/i1857s.pdf> [FAO Policy on Indigenous and Tribal Peoples]

¹⁴ FAO. 2016. *Juventud rural y empleo decente en América Latina*. Santiago, Chile. Available at <http://www.fao.org/3/a-i5570s.pdf> [Rural Youth and Decent Employment in Latin America]

achieve this, it is not only essential to renew policies and their instruments, but it is also important to renew capacities for their implementation in a more efficient, streamlined and innovative manner.

32. **Promoting sustainable rural development is not a task that can be achieved by an isolated actor.** To meet the challenges set in the 2030 Agenda for Sustainable Development in the region requires the creation of new innovative coalitions and partnerships that involve a wide variety of government and non-government social actors, public and private.