



## ***Executive Summary***

**Regional LAC Consultation  
On IFAD 2009 Rural Poverty Report**

**Quito, Ecuador  
August 4 and 5, 2008**



The Latin American and Caribbean (LAC) consultative meeting took place in Quito, Ecuador, on 4 and 5 August 2008 at the facilities of the *Universidad Andina Simón Bolívar*. It was organized by Rimisp – Latin American Center for Rural Development – via its FIDAMERICA program, to provide inputs to the preparation of the 2009 Rural Poverty Report of the International Fund for Agriculture Development (IFAD).

To celebrate its 30<sup>th</sup> Anniversary in 2009, IFAD is preparing a publication on rural development and rural poverty reduction in today's world. The publication is meant for, among others, national and regional policy makers, development agencies, civil society organizations, and private sector agents working with the rural poor. For the purposes of the report, IFAD has identified five major challenges for eliminating rural poverty, which are summarized by the following concepts: access to natural resources; access to agricultural services; access to markets; non-agricultural rural employment; and participation in governance processes.

The purpose of the consultative meeting in Quito was to discuss and validate these challenges from the perspective of the current reality in LAC and based on experiences that help to identify strategies, lessons and policy designs to fight rural poverty in the region. In addition, the meeting enabled an exchange of ideas with civil society and other rural stakeholders recognized for their knowledge and analytical capacity in rural development problems and poverty elimination programs in LAC. Participants discussed the most relevant and priority aspects of each of the challenges that were identified by IFAD as the most important to be resolved for eliminating rural poverty. At the same time, the aim of the meeting was to understand some of the criteria raised by participants on the IFAD-defined topics; to confirm that these topics are indeed considered by all as essential for eliminating rural poverty; and to determine if other specific topics are also priorities in the LAC region.

In preparation for the consultation, documents on each of the five challenges were produced and IFAD prepared a summary document that was shared with the consultation participants. Additionally, participants were provided with a form to be filled out individually, in which they could express their own views on rural poverty challenges. Topics that did not coincide with IFAD's were also discussed during the consultative meeting.

This consultation also included the search for and the selection of empirical cases of rural development projects that address successfully the identified challenges. The majority of these cases were supported technically and financially by IFAD. To complement the case selection, a request was made to the Quito consultation participants to fill out a short questionnaire on successful cases that could illustrate approaches and methods for addressing challenges.

In the opening session, Jeannette Sánchez, Minister for Social and Economic Inclusion of the Government of Ecuador, emphasized the complexity of planning in the rural development sector, the necessity to incorporate the voices of multiple stakeholders, and the required decentralization for stakeholder participation – all themes that were underlined in discussions during the consultation meeting.



The presentation of the contextual framework and the five challenges selected as the main focus of IFAD's 2009 Rural Poverty Report served as the foundation for the consultation discussion. The discussion was initiated by a panel of commentators who emphasized the importance of the challenges and the need to carry out an integrated analysis. The reports of the working groups, organized around each challenge, were discussed in plenary sessions. The main messages to IFAD include the following:

Based on the analysis of some of the changes occurring (increases in food and input prices, rise in biofuel production, climate change risks), the participants stressed that rural development and the elimination of poverty are not immune to these changes. Short-term responses by food producers seem limited, and thus medium and long-term measures and policies are required to redress market deficiencies. For IFAD, as a cooperation agency and promoter of innovations in certain phases of the development process for the rural poor, it is necessary to internalize the main effects of those changes. Making the most of the opportunity of favorable prices for small-scale agricultural products requires a distinct strategy in territories with higher concentrations of poverty. Such a strategy would aim to offer efficient access to the following: production factors (land, water, working capital, medium-term investment, production infrastructure, etc.); low-cost production input technologies; adaptation and management capacities; climate change effect prevention plans; and the formation of functional organizations that contribute to instituting forms of participatory governance that promote collective action and the rational use of natural resources and the environment.

Concerning natural resources, access needs to be of quality and associated with means of production and commercialization in order to eliminate poverty. As alternative activities in the use of the natural resources, consultation participants mentioned physical infrastructure, sustainable management to avoid degradation, capacity development to participate in product markets, and regulations to secure tenure and access.

Concerning access to services, a claim was made to consider rural services instead of only agricultural services in order to include non-farm personal services, with an emphasis on management services for productive transformation, in which a variety of stakeholders need to be involved on both the supply and the demand sides.

Access to markets is considered necessary to accelerate development processes in poverty-prone regions. Actors can obtain incomes, opportunities, employments and commitments from markets. In order for a relationship to markets to be efficient, it is necessary to combine markets with territories and to have actors, markets and organizations work complementarily. For this, it is recommended to have interventions that aim to create inclusive public policies, organizational innovations, knowledge markets, and risk capital funds.

Rural employment and non-farm rural activities are considered today as structural components of family income, and rural families and organizations are willing to invest in them if they foresee profitable investments. Effort in this direction must, however, be accompanied by public policies and private investments. External support may be required for small businesses and collective non-farm activities. These activities need to be planned with a sustainable vision so that the introduction and phasing out of organizations and external support are defined, ensuring that capacities are created and



that conditions exist to allow small enterprises and investments in territories to reach sustainability in a prudent timeframe.

Regarding participation in governance processes, the local level, based on a territory, is the participation space that needs to be strengthened in building governance. It would be optimal to have a simultaneous process at both the local and national level. A key condition for the construction of governance is the existence of strong organizations that can gather rural demand and expand it into concrete actions. This requires local leaders that are trained to understand fully how local and national policies are formulated and implemented, how public budgets are managed, and how resources are allocated.

During the discussion of topics and challenges that could complement those initially selected by IFAD, it was agreed that the following were also important and should be incorporated:

- ✓ Equity
- ✓ Capacity building
- ✓ Migration
- ✓ Land tenure
- ✓ Training local leaders
- ✓ Strengthening public institutions, organizations of the poor, and local governments

Among the key points, participants insisted on the necessity for financial development programs to include producer enterprises; to enter in the market for environmental services; to stimulate self-employment enterprises; and, at the same time, to propose policy decisions that can bring the private sector to invest in rural territories and generate farm and non-farm employments.

In conclusion, the Quito consultation calls for the attention of IFAD on the following issues:

- The necessity to consider inequality in Latin America in general, and in its rural regions in particular. Even in countries that have had notable poverty reduction results in the last 15 years, reducing the concentration of income is at a very early stage. In Latin America, the fight against rural poverty needs to go hand in hand with the development of more equitable rural societies.
- Although it is legitimate and appropriate to concentrate on specific challenges, the 2009 Report needs an “integrating” chapter in order to avoid and counter the trend of sectoral policies and limited rural development programs.
- Latin America and the Caribbean is a region of major importance in mitigating climate change. The 2009 Report should highlight the potential of environmental services in eliminating rural poverty, focusing on relevant mechanisms and the benefits that these environmental services can bring to humankind.
- Today, non-agricultural rural income represents approximately 50% of rural income. One cannot talk about rural poverty reduction without giving equal attention to farm and non-farm issues in rural Latin America. The Report should consider the importance of rural services beyond those strictly concerned with agriculture.
- Addressing challenges in the rural world not only consists of providing or enabling better access to certain assets for the rural poor. Other conditions are



- necessary, such as quality, quantity, equity, capacity building, and, even more, determining how, when, to whom and under what circumstances. The wide range of messages indicates that the contribution and efforts of individuals and their collective action to overcome poverty conditions in rural territories require obtaining a certain level of income and accessing decent living conditions through strategies and applications that strengthen the human condition; organizations that maintain cultural heritage and governance structures developed through the years; knowledge and collective vision; as well as technological change or innovation and territorial development.
- Rural development components cannot be designed separately from one another. The functional multiplicity of poor rural societies and the interrelation between factors affecting their livelihood and their income generation call for a more complex and integrated conceptualization of different development components at the time of designing interventions.
  - From the governments of middle-income countries to development stakeholders operating at the local and territorial levels, actors claim the need to include knowledge from empirical evidence as part of the services that organizations such as IFAD could offer to societies in development. This challenge is feasible for IFAD, but it requires institutional will and collaboration at various levels in order to make it functional and applicable.
  - The wealth of concrete experiences from communities and rural organizations in Latin America clearly goes beyond the analytical capacity of technical staff and rural development agents. The content of the Report being prepared by IFAD on strategies for eliminating poverty should include a selection of cases that demonstrate how these strategies function and go above and beyond a rhetorical explanation of them. Work with grassroots communities is IFAD's comparative advantage and this should be highlighted in the preparation of its 2009 Rural Poverty Report.