

The Outlook for Agriculture and Rural Development in the Americas:

A Perspective on Latin America and the Caribbean

2019-2020



UNITED NATIONS

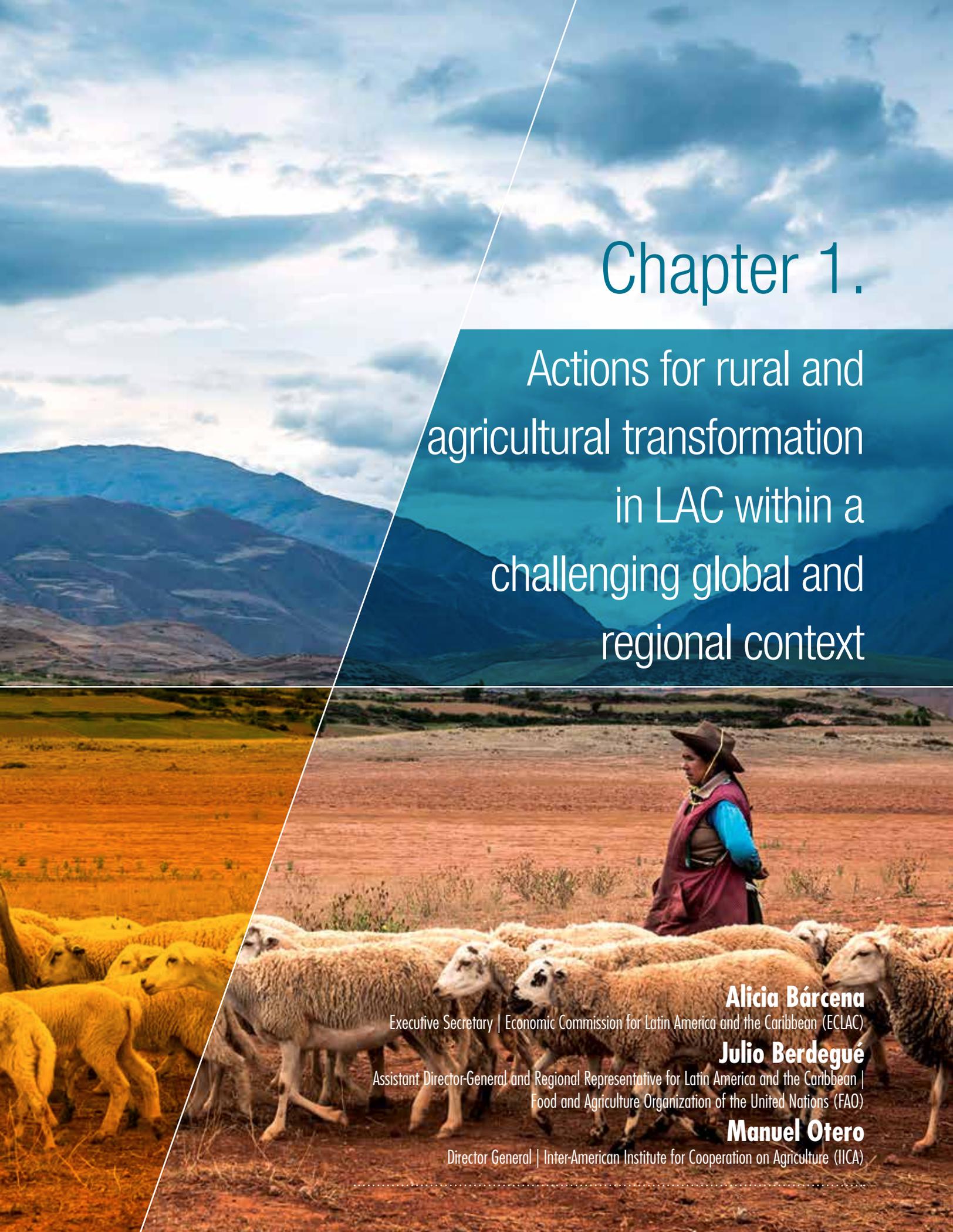
ECLAC



Food and Agriculture
Organization of the
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Chapter 1.

Actions for rural and agricultural transformation in LAC within a challenging global and regional context

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By the end of this century, the rural population is expected to represent only 10 % of LAC's total population, while most of the natural resources on which the region depends for growth will remain concentrated in rural areas.

However, if the rural-urban continuum is taken into account, or other definitions of rural areas are applied, so as to include small municipalities or areas with a low population density, almost 60 % of the population in some countries can be considered "rural" (Dirven 2019).

The 2030 Agenda for Sustainable Development (2030 Agenda) is global in nature, both in terms of its scope as well as the commitments undertaken, which are organized into 17 Sustainable Development Goals (SDGs). The SDGs are closely intertwined, rendering the Agenda innately indivisible. "Leave no one behind," one of the key principles of the 2030 Agenda, requires that all social sectors and stakeholders take part in partnerships aimed at mobilizing and sharing knowledge, capacities, technology and financial resources, as well as guaranteeing the Agenda's implementation in all countries.

The "leave no one behind" principle poses significant challenges for Latin America and the Caribbean (LAC). Despite the socioeconomic progress it achieved over the past decade, LAC is still the world's most unequal region. This inequality is attributable, among other things, to the development gaps between urban and rural areas, which are reflected in much higher levels of rural poverty. In recent years, poverty levels in the region have increased, as have urban-rural gaps with respect to poverty and extreme poverty, schooling, social protection and security, overfeeding and obesity, access to basic services, as well as health and employment.

In light of these issues, we must acknowledge and capitalize on the harmonious relationship between rural and agricultural development, whose complementarity can contribute to the achievement of the SDGs. The causality between these two elements is clear: rural development cannot be achieved without agricultural development, and sustainable development cannot be

achieved without rural development. Rural poverty is closely linked to serious deficits in terms of decent work opportunities in agriculture (and in other primary production activities), as well as the limited presence of labor institutions in rural areas. In order for agriculture to contribute to reducing poverty and inequality in rural areas, it is important not only to bridge salary gaps between agricultural and non-agricultural sectors, but also to extend the coverage of social security and other employment benefits to agricultural workers.

Furthermore, it is important to bear in mind that the progress required to fulfill the 2030 Agenda will need to take place within a complex global and regional context for LAC, characterized by less economic growth, greater volatility, commercial restrictions, as well as the need to respond to climate change and the aforementioned gaps between rural and urban areas. This scenario could even worsen due to the risk of recession in some of the main global economies, including both developed and developing countries. Additionally, less momentum from economic activity and trade is expected to slow down the global demand for agricultural products, which could further worsen the poverty and hunger situation in LAC.

In the longer term, by 2050, agricultural production must increase by 50 % compared to 2012, in order to meet the growing global demand for food, as a result of population increase and certain changes in consumption patterns. Over the next decade, the growth of global agricultural production must be sufficient to meet this growing

demand as well as to maintain prices relatively stable or even to trigger a downward trend in prices. These price trends are a result of the factors that are expected to predominate in the next decade, particularly increases in productivity. Despite the general downward trend in agricultural prices in real terms, there is still a risk that harvest losses and other supply shocks could lead to sudden price increases.

In light of these challenges, new paradigms and courses of action are necessary in order to fulfill the 2030 Agenda. Although LAC is strategically positioned due to its wealth of natural and biological resources, resources in the region are overexploited, which causes their degradation. Furthermore, the region's natural resource base is unequal; in some countries, for instance, it is not possible to expand agricultural production, in terms of surface area, without having to replace forests.

In this 2019-2020 report, the Economic Commission for Latin America and the Caribbean (ECLAC), the Food and Agriculture Organization of the United Nations (FAO), and the Inter-American Institute for Cooperation on Agriculture (IICA) propose a "two-way" intersectoral approach to address the aforementioned scenario. In the first place, it calls for acknowledging the fact that it is not possible to overcome poverty or to combat hunger, malnutrition and climate change, unless societies and political stakeholders in LAC begin promoting rural areas as engines for economic, social and environmental development in the countries.

Secondly, the proposed approach calls for considering agriculture and related activities as crucial for carrying out other complementary economic activities that foster sustainable development in rural areas.

New production models and an in-depth reform of the agrifood system are necessary in order to address the abovementioned challenges and undergo an exponential technological revolution. Adjustments made to the agrifood system should take into account the urgent need to reverse degradation trends; to this end, the management of soils, water, forests, and agroecosystems must be improved, in order to boost soil fertility, reduce erosion, increase biodiversity, foster water retention and prevent deforestation.

In this regard, rural areas should cease to be viewed as poverty-stricken areas with deficiencies; instead, they must be thought of as areas that provide opportunities to transform food and energy systems while also fostering ecosystem services, efforts aimed at combating climate change, and the sustainable management of natural resources.

Below, we highlight a series of technological alternatives, political-institutional options and production models that could be the key to success, provided that we succeed in breaking the inertia of isolated sectoral actions, while acknowledging the fact that comprehensive approaches have a greater possibility of yielding positive results.

With just 9 % of the world's population and 4 % of the rural population, LAC accounts for 16 % of the planet's farming land; 33 % of land that is suitable for, but not currently dedicated to agriculture; 23 % of the forest area; 50 % of biodiversity resources; 22 % of drinking water; and 31 % of the planet's 35 million cubic kilometers of fresh water.

Despite LAC's privileged position in terms of its wealth of natural and biological resources, it is important that we remain vigilant against the degradation of this heritage, which could worsen unless important changes are implemented. Water shortages, land degradation due to erosion, dwindling forest area, loss of biodiversity and overexploitation of marine and fishery resources are becoming graver in many countries across the region, which could have considerably negative repercussions at the environmental and economic levels.

Poverty operates as a mechanism that reproduces gaps between urban and rural areas, affecting access to basic services, health, education and infrastructure, among other things.

First, we encourage countries to improve their social protection systems, given that this represents the primary, most elementary tool for generating broad rural development policies, especially when complemented by productive inclusion policies. This strategy would allow for complementing the provision of urgent assistance with the promotion of small-scale production which, in turn, would revitalize local markets and territorial activities.

Second, we call for decision-making geared toward the sustainable intensification of agriculture, which involves integrating different technological options. This would make it possible to transition towards agroecological production models, the development of the bioeconomy, the sustainable use of natural resources, and the application of information and communication technology tools that can contribute to creating diversified food systems, with greater value added, that are more resilient and sustainable from a socioeconomic perspective. Agroecological production models contribute to building food systems that are more resilient and sustainable from a social, economic and environmental standpoint. Additionally, by focusing on people as agents of change and on their knowledge and territories, these models make it possible to transform the manner in which food is produced, marketed and consumed.

As part of this socioproductive model, we propose developing different marketing channels as well as fostering producers' access to local, regional and global markets. Family farmers' provision of food to public food assistance programs should

also be expanded, as a means of simultaneously improving producers' income and the food and nutritional security of the population in the corresponding territories; this, in turn, would reduce the environmental impact of agrifood chains. In LAC, short circuits have proliferated, primarily in the form of ecological and organic fairs and markets. Additionally, the public procurement of food from family farmers is an emerging trend that is gradually being incorporated into the agendas of LAC countries.

Third, we encourage countries to acknowledge the fact that the development of competitive, diversified and sustainable agriculture sectors, with a view to achieving the SDGs, will not be possible without the inclusion of the broad socioproductive sector comprised of family farmers and rural dwellers who do not own land. Many of them are living in a state of hunger, poverty and climatic vulnerability, which threatens the sustainability and the competitiveness of agriculture in the region.

Fourth, we urge countries to undertake actions that respond to the urgent need to better capitalize on LAC's tremendous potential for agricultural and agroindustrial production, given the fact that, at present, the region's production base is not very diverse, and its agricultural exports are characterized by a low level of complexity and a strong focus on commodities (soy, corn, wheat, meat, etc.) versus other products. Value adding represents a crucial but challenging task for most countries in the region, which have achieved little progress in exporting more elaborate products.

Fifth, we suggest undertaking actions aimed at better capitalizing on current trade agreements in the region. Over the past two decades, countries in the Americas have signed a little over 140 preferential trade agreements (PTAs), in order to increase and diversify products and export markets, boost their competitiveness and, in turn, spark economic growth, generate employment opportunities, foster the transformation of production, and reduce poverty. In the agriculture sector, in which trade barriers are more numerous, the role played by PTAs in facilitating market access is even more relevant. However, the signing of a PTA is often not sufficient to foster trade, given that it is also necessary to overcome several barriers (which are analyzed in this report) that can limit the ability to capitalize on these agreements, particularly as tools for fostering new exports or new exporters.

Sixth, there is a pressing need to foster the application of information and communication technology tools, which afford a wealth of opportunities to improve production processes and drive the transition towards agroecological production. Digital agriculture can contribute to reducing the use of supplies, fostering innovation to boost productivity and competitiveness, driving cooperation among farmers, and facilitating a direct connection between opposite ends of agrifood chains: producers and consumers.

Seventh, we call upon countries to undertake efforts to increase the financial penetration and inclusion of the agriculture and rural sectors, as well as to bridge long-term investment

gaps. To this end, we propose a series of necessary interventions, in the form of regulations, institutions and instruments, both at the individual, organizational, value chain and territorial levels, as well as the macro level.

Eighth, we must adopt new criteria for the development of public programs, within a restrictive context for fiscal resources. In this regard, we must acknowledge the fact that public goods are the priority, given the crucial role that they play in the sector's successful operation. With respect to private goods (although not exclusively), a new combination of financial resources is necessary: resources from producers, governments, international cooperation, companies, social funds, non-governmental organizations (NGOs) and ethnic communities living in developed countries (through remittances or the purchase of products from their countries of origin), among other possibilities.

Strengthening research, development and innovation (R+D+I) is also a priority, as this would allow for developing and disseminating technologies that allow for improving agricultural production, capitalizing on energy resources, and utilizing terrestrial and marine natural resources in a competitive and sustainable manner. It is also necessary to further capitalize on opportunities that foster rural innovations, allow for improving production processes and contribute to disconnecting production from greenhouse gas emissions.

Ninth, the growing complexity of development problems requires more sophisticated institutional

In 14 LAC countries, family farming accounts for more than 50 % of jobs in the agriculture sector; consequently, efforts aimed at increasing productivity and bridging salary gaps in family farming could contribute to strengthening economic and social sustainability, in accordance with the “leave no one behind” principle of the 2030 Agenda.

The achieve the goal of zero hunger by 2030, USD 265 billion per year would be needed during 2016-2030 period, of which USD 67 billion and USD 198 billion would be needed for social protection programs and pro-poor investments, respectively.

In the case of LAC, an additional USD 6 billion and USD 2 billion would need to be allocated per year to social protection programs and pro-poor investments, respectively.

responses. Consequently, intersectoral coordination must be transformed into a reality, despite the challenge that it represents for governments and other stakeholders, simply because coordination implies higher transaction costs, given the need to reconcile different interests.

Therefore, it is necessary to promote a new type of rural governance, which would foster consensus-building and more expeditious actions, in order to expand the level of inter-institutional and intersectoral coordination and, in turn, acknowledge the different roles of a wide range of stakeholders, even those that have traditionally been rendered invisible during decision-making processes. We must possess legal institutions and frameworks that are able to drive the coordination of efforts between various stakeholders, including public-private entities, as well as to monitor and evaluate progress achieved within the framework of the 2030 Agenda, in order to guide

budgetary allocations and other incentives for all stakeholders involved.

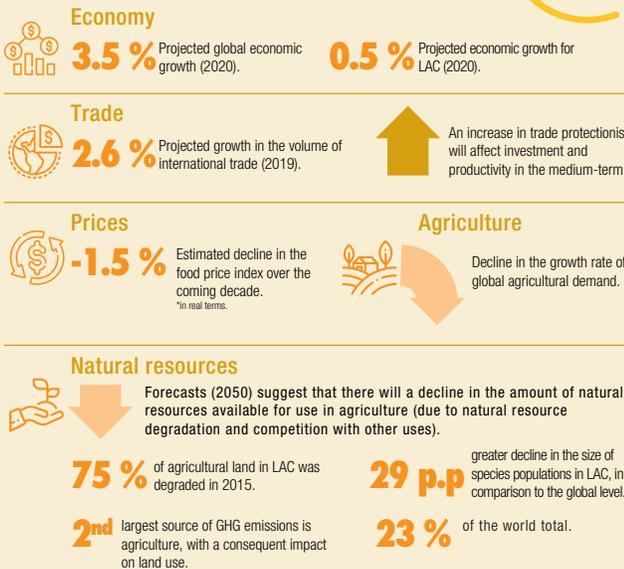
Lastly, as a special topic in this report, we propose capitalizing on the bioeconomy to coordinate actions related to the 2030 Agenda. LAC must generate political, economic and environmental conditions that are conducive to the development of the bioeconomy, as a development approach and a new technical-economic paradigm for production and consumption. Among other things, the region should: a) reformulate the role of agriculture in the economy and society; b) develop new technological concepts (such as biorefinery); c) make adjustments to technological relations, in terms of scale and investment requirements; d) develop standards for new products and for products with distinctive characteristics; e) transition towards a more circular economy; and f) ensure that investment decisions and markets take into account environmental aspects, costs and spillovers.

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#TOWARDS2030

THE POSITIVE LINK BETWEEN RURAL DEVELOPMENT AND AGRICULTURAL DEVELOPMENT
"LEAVE NO ONE BEHIND"

WHAT ARE THE CHALLENGES AT THE INTERNATIONAL LEVEL?



HOW DO WE ACHIEVE TRANSFORMATION?

The need for a two-way intersectoral approach in rural areas, offering a range of complementary options.

Position agriculture and its related activities as core businesses, which will serve as the foundation for the development of other complementary economic activities:

OPTIONS TO ENSURE A SUCCESSFUL TRANSITION TOWARDS THE SUSTAINABLE INTENSIFICATION OF AGRICULTURE:



Bioeconomy: framework for the alignment of actions with the objectives of the 2030 Agenda.

RURAL SECTOR ACTIONS

Alignment of **social welfare** actions and **agricultural interventions**.

Inclusion of family farmers and the landless rural population.

PRODUCTION AND TRADE ACTIONS

Capitalization of PTA's

Diversification and value adding.

Access by producers to local, national and international markets

This calls for a new cross-cutting institutional framework with actions promoting:

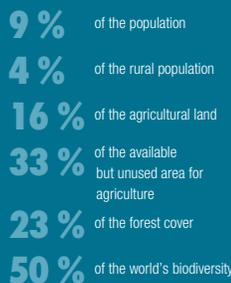


Visit the website at www.agrirural.org to access other information resources that may be of interest to users: historic reports, technical bulletins, executive summaries, infographics, videos, *inter alia*.



WHAT ARE THE OPPORTUNITIES AND CHALLENGES ON THE PATH TOWARDS TRANSFORMATION?

LAC boasts (in comparison to the world):



Rural areas compared to urban areas in LAC:





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