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Lack of Investment in Rural Development Leaves Region's Farmers in Dire Plight

by Louisa Reynolds
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A lack of effective policies to boost rural development and allow farmers to find a place in the global economy has exacerbated inequalities between urban and rural areas, experts say. The solutions lie in a series of integral policies that include strategies to boost crop yields, improve access to credit, and democratize access to land.

"The region opted for trade liberalization and insertion into the global economy, but the more dynamic parts of the economy were not linked to the more traditional sectors, such as the rural peasantry, small trade, and services economies in rural areas. Although Central American economies have opted for liberalization, poverty persists in rural areas and is 20% higher than in urban areas," says Alberto Mora, coordinator of the Estado de la Región report, which focuses on human development and democracy in the isthmus.

Mora explained that these disparities have arisen because public policies have focused on free trade and the creation of export-processing zones, neglecting investment in rural areas. During the past few years, the budgets assigned to the ministries of agriculture throughout the region have been reduced.

Although Mora admits that trade liberalization has generated macroeconomic growth and produced a better-qualified work force, it has also increased inequalities between urban and rural areas.

Braulio Serna, former chief of the Unit for Agricultural and Rural Development at the Economic Commission for Latin America and the Caribbean (ECLAC), added that the region’s governments often underestimate the economic significance of agriculture, which results in a lack of investment in this sector.

A study published by the World Bank in 2005 revealed that agriculture, silviculture, and fishing account for 12% of Latin America’s GDP, but when other industries such as processed food are included, the figure rises to 21%.

A more recent study published by ECLAC, the Food and Agriculture Organization (FAO), and the Inter-American Institute for Cooperation on Agriculture (IICA) found that, in 2010, agriculture accounted for 20% of Latin America’s exports.

Both analyses agree that gender inequality is one of the main factors that hamper development in rural areas as the female work force is an underexploited resource. "The already existing inequalities between men and women in our societies are even greater in rural areas. The percentage of women between 12 and 24 years of age who don’t study or work is much higher in rural areas than in urban areas, and in some countries women earn up to 40% less than men even when their workload is the same", says Mora.

The FAO said that, if women enjoyed better access to productive resources, credit, land, and agricultural supplies, productivity in the agricultural sector could increase by up to 30%. "It is also
worth bearing in mind that when women are in control of productive resources, they are better at spending wisely and they tend to prioritize education and health care. This is another reason why it is important to create better conditions for women to participate in the economy," says Serna.

**Breaking the poverty cycle**

With public investment in rural areas at its lowest and farmers livelihoods increasingly threatened by climate change, a number of measures have been taken to protect food security among the most vulnerable sectors of society. However, according to ECLAC, the FAO, and the IICA, these efforts have lacked coherence.

Regarding access to land resources, these organizations say that "the region has millions of small rural farms that coexist with medium-sized and large farms, generating a very heterogeneous agrarian structure. This structure produces inequality in the distribution of assets, thereby perpetuating and accentuating productivity gaps."

To address this problem, several countries in the region, including Nicaragua and El Salvador, launched agrarian-reform programs during the 1980s. Another strategy, promoted by the World Bank, has been the creation of Fondos de Tierra (government bureaus that provide credit for campesino smallholders to purchase land). Such institutions have been set up in Guatemala, El Salvador, and Honduras, among other countries.

However, Mora argues that, although fairer land distribution plays a fundamental role in increasing agricultural productivity, "it shouldn't be seen as an end in itself," as it is not a viable solution if campesinos are not provided with land titles and agricultural supplies.

"We can't talk about a fairer land distribution without guaranteeing access to credit that makes production viable or without providing producers with technical assistance. It all needs to be part of an integral strategy," Mora explains.

Serna said that, to fight hunger and malnutrition, it is necessary to improve crop yields, reduce the existing monopoly in the fertilizer market, since a small number of multinationals currently sets the prices on the global market, and allow small producers to gain better access to telecommunications, such as cell phones, which would enable them to keep up with food prices on the global market.

Maíz para Todos (Corn for Everyone) is an example of programs that seek to help smallholders gain access to agricultural supplies. It has been implemented in Guatemala since 2006 by the Disagro agrochemicals company and Helps International.

The program has four components: 1) training in crop-management techniques; 2) distributing fertilizer that is adequate for the existing type of soil in each community; 3) providing financial support for the beneficiaries who repay the loan after the harvest; 4) training for community leaders who pass on what they have learned to other members of the community to ensure the continuity of the project.

The program has benefitted 1,925 families, and, according to an independent audit carried out by Deloitte, crop yields have increased by 166%.

In the past few years, conditioned cash-transfer programs in which rural families living in extreme poverty receive monthly cash transfers provided that their children attend school and have regular medical checkups, have also become increasingly popular. These programs aim to help families
break the poverty cycle. Guatemala has implemented the Mi Bono Seguro program (called Mi Familia Progresa under the previous administration), and Costa Rica has a similar program called Avancemos (NotiCen, Nov. 15, 2007, July 24, 2008, and Dec. 6, 2012).

Mora believes that these programs are important but that their long-term success will depend on the quality of public investment in health and education services in rural areas, as this is the only way to reduce the incidence of school dropouts.

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