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POLICIES TO PROMOTE AND/OR STRENGTHEN THE PARTICIPATION AND JOINT ACTION OF PUBLIC AND PRIVATE ACTORS IN RURAL DEVELOPMENT

Introduction

1. This document underlines the importance of promoting joint public and private action to achieve inclusive and sustainable rural development. It also details areas in which joint public and private action is essential to achieve an impact on agricultural growth, competitiveness and reduction of rural poverty. It identifies main challenges that the countries of the Region face and possible FAO contributions through its technical assistance and mobilization of resources.

I. REASONS FOR STRENGTHENING JOINT PUBLIC AND PRIVATE ACTION

Major paradoxes in Latin America and the Caribbean

2. The Region possesses recognized wealth and economic vitality but continues to experience two major paradoxes illustrating deep-seated contrast: a) persistence of hunger and child chronic malnutrition despite producing sufficient food; and b) persistence of high levels of rural poverty despite dynamic economic and agricultural growth.

Persisting hunger despite sufficient food production

3. The Region's food production exceeds by 30% the quantities of protein and calories needed to satisfy the energy requirements of its population. Yet, over 52 million people (10% of the population) do not have appropriate access to food and 9 million children suffer from chronic malnutrition.

4. The Region has tripled its food production since the 1970s and is a net food exporter. During the period 2000-2006 its food imports increased by an average annual 7%, while its food exports increased by an average annual 12%.¹ The persistence of hunger² in the Region is not a

¹ UNCOMTRADE. 2007. 17 countries of Latin America.

² Hunger is defined as the present and future state of food and nutritional insecurity and can exist as undernutrition (deficit in daily consumption of dietary energy) or malnutrition (inadequate absorption of nutrients).

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question of lack of food, but the result of inadequate access to food, which is related to the low income levels of its population.

Persistence of high levels of rural poverty despite dynamic economic and agricultural growth

5. In the last four years (2003-2007) the Region has posted its highest growth in *per capita* GDP since the 1970s. ECLAC estimates that the trend will continue in 2008, thus producing five consecutive years of growth of *per capita* GDP of more than 3% per year.³ Meanwhile, between 2002 and 2006 poverty fell from 44% to 36.5% of the total population. However, rural poverty has remained constant since 1980 and between 2002 and 2005 showed a slightly lower reduction than that of total poverty, only dropping from 61.9% to 58% of the rural population.

6. Very unequal income distribution explains why far higher rates of economic growth are required to achieve proportional reductions in poverty, especially rural poverty. According to an ECLAC study of the period 1990 to 2005, a 1% increase in GDP produced a 0.8% reduction in poverty.⁴ This proportion was lower in rural areas as a national *per capita* increase of GDP of 1% reduced poverty by only 0.5%. There is no doubting the need for economic growth, but equally necessary is a lowering of the inequality that determines the impact on poverty reduction.

Inequality reduces the impact of economic growth on poverty

7. The main challenge facing the Region is therefore to overcome the enormous inequality in income distribution that exists and that has remained practically the same for 55 years. Between 1950 and 1990, the *Gini* coefficient,⁵ which measures inequality, has remained virtually unchanged, averaging 0.505 in 1950 and 0.507 in 1990.⁶ The same condition of unchanged average regional indicators of inequality in income distribution existed during the period 1989 to 2005.⁷

³ ECLAC. 2007. *Social Panorama of Latin America 2007*.

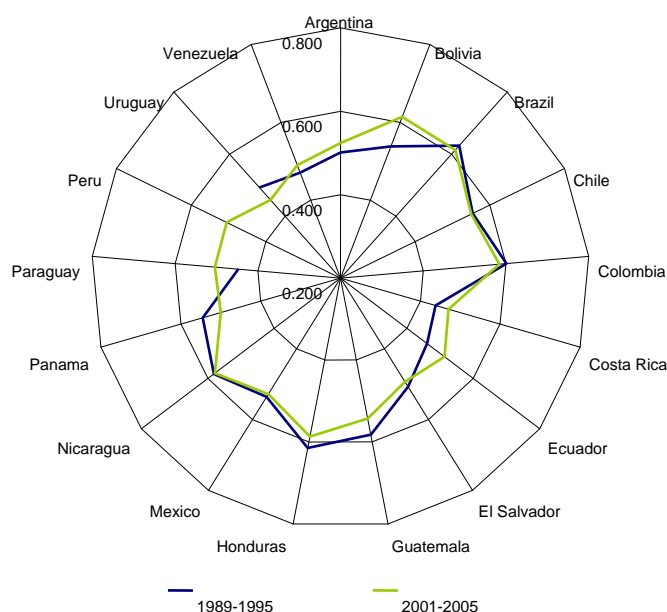
⁴ ECLAC. 2006. *Social Panorama of Latin America 2006*.

⁵ This coefficient has values between 0 and 1 where 0 corresponds to perfect equality and 1 to complete inequality.

⁶ World Bank. 2006. *Poverty reduction and growth: virtuous and vicious circles*.

⁷ ECLAC 2006. *Social Panorama of Latin America 2006*.

Changes in the *Gini* index in Latin America between 1989-2005



Source: ECLAC. 2006. Social Panorama of Latin America.

Dynamics of the agrifood system and the trend towards concentration and economic and social exclusion

8. The recent dynamics of the agrifood system in the Region reveal three main features: increasing recognition of the role of family farming as a pathway out of rural poverty; strong dynamism of agribusiness, although with a marked trend towards concentration and exclusion of family farming; and additional barriers to the market entry of family farming, associated with concentration in the food supply market.

Family farming⁸ generally excluded from agricultural policy

9. Although an extensive and dynamic sector of strategic importance for national food security, family farming has not been sufficiently acknowledged in public policy. A recent study in six countries of the Region⁹ estimates that there are 11 million family holdings that account for 30% and 60% of the total agricultural and forest area respectively, with a related population of about 50 million persons, or 14% of the total population. Their contribution to the national value of sectoral production (agriculture, livestock, fisheries and forestry) varies between 25% and 70%.

10. Family farming is noted for its broad heterogeneity, with differences in capital, land and natural resource base and differentiated access to public goods and services, leading to different income diversification strategies. This heterogeneity has not been properly addressed in agricultural policy that has targeted producers considered "viable",¹⁰ leaving most producers considered "non-viable" to the attention of social policy, even though agriculture represents a

⁸ The term 'smallholder sector' is also used in countries. The characteristics that distinguish family farming are a predominant use of household labour; limited access to assets; and employment of multiple income-generation strategies.

⁹ FAO. IDB. 2007. Escobal, J. *Resumen ejecutivo. Políticas para la agricultura familiar en América Latina y el Caribe*. Santiago. Study of family farming in Chile, Ecuador, Colombia, Nicaragua, Brazil and Mexico.

¹⁰ Viable producers are those with access to assets and public services and that can be easily integrated into markets.

significant share of the income of those households, income that would be difficult to replace from other sources.

11. In spite of its low productivity, the smallholder sector is a major provider of food in the countries of the Region. In Brazil, it produces 67% of beans, 84% of cassava, 49% of maize and 52% of milk. In Colombia, it accounts for more than 30% of annual crops, and in Ecuador accounts for 64% of potato production, 85% of onion, 85% of sweet corn and 83% of sheepmeat.

Main characteristics of family farming

	Brazil	Chile	Colombia	Ecuador	Mexico	Nicaragua
Sectoral importance						
Share of value of sectoral production (%)	38	27	41	45	39	67
Share of sectoral employment (%)	77	57	57	--	70	--
Number of holdings						
Total number of agricultural holdings (thousands)	4 139	285	738	740	4 834	286
Share of total holdings (%)	88.2	87.4	87.0	87.8	77.9	97.7
Size of holdings						
Average size of family farms (ha)	26	23	3	7	6	16
Average size of units not under family farming (ha)	433	1 090	15	71	--	343

Source: FAO-IDB (2007) "Family farming policies in Latin America and the Caribbean".

Dynamics of agribusiness and the trend towards concentration and exclusion

12. There has been a strong surge of agribusiness, which helps to explain the rate of agricultural growth and its contribution to national GDP of between 27% and 34%. This vibrancy of agribusiness is generally accompanied by a move towards the concentration and centralization of land, the exclusion of family farming and a precariousness of casual labour markets.

13. The agricultural export chains that have grown most in the last five years¹¹ are: oilseed crops, in particular soybean in Argentina, Bolivia, Brazil, Uruguay and Paraguay; wine, fruit and salmon in Chile; paprika, artichoke, asparagus and mango in Peru; cocoa and chocolate in Venezuela; shrimps, bananas and teak in Ecuador; flowers in Colombia; coffee, banana and sugar¹² and, more recently, milk, vegetables and fruit in Central America.

14. This dynamic has galvanized the rural sector, stimulating agroindustry and trade and boosting rural employment and income. However, the benefits have not been equitably distributed among rural households; growth has mainly affected the larger producers, who can capitalize on the advantages of scale in technology and administrative logistics.

The decisive influence of the food supply chains

15. A determinant of change in the agrifood system in the Region, which influences production, distribution, consumption and quality control, is the increasing concentration of the

¹¹ PROCISUR-FORAGRO-IICA. 2006. *Promoción y desarrollo de agronegocios desde la perspectiva de la innovación tecnológica en América Latina y el Caribe: desafíos para una agenda regional*.

¹² Figueroa, L., Pomareda, C., Sánchez, J. y Pérez, J. 1999. *Agenda centroamericana para la competitividad de los agronegocios*.

food market and the growing role of supermarkets. While supermarkets controlled 10% to 20% of food supply in the 1980s, they now control more than 60%.¹³

16. This imposes an additional transfer of cost and risk on producers, particularly those in the family farming sector who have less bargaining power and face more barriers to entering the value chains. They are required to meet private quality standards and absorb the price reductions from competition among suppliers.

Importance of the non-farm rural sector

17. Although agriculture continues to be very important as an exit from rural poverty, it is not the only or even the main strategy in parts of the countries of the Region. Non-agricultural economic activities, off-farm employment and migration have also become key routes out of poverty.

18. Between 1970 and 1990, all the countries experienced a significant drop in the proportion of their Economically Active Population (EAP)¹⁴ working in agriculture, by an average of 36%. The current occupational structure of the rural EAP is more complex and diversified, because many have left the primary sector to take up non-agricultural activity.

19. Non-farm rural employment has increased considerably in the last 30 years. While in the 1970s, the non-agricultural rural economy accounted for 17% of rural employment, that proportion rose to 55% in early 2000.¹⁵ As a result, income from non-farm rural employment in the early 2000s accounted for 70% of total rural household income. At the same time, remittances and public transfers have increased their share of rural household income, the former accounting for 40% in some countries and public transfers amounting to 30% of total income.¹⁶

Public policies and inclusive and sustainable rural development

20. In a rural context of heterogeneity, inequality and economic and social exclusion, policies to achieve inclusive rural development need to focus on capacity building and on levelling opportunities for rural households to enter markets. In addition to promoting competitiveness, such policies should reduce the vulnerability of rural households, facilitating their access to assets, public goods and markets, and should improve the conditions of the rural labour market.

21. Future review and innovation of rural development policies should be directed towards promoting joint action of public and private actors. Formulating and implementing public policies is a political process based on interests and negotiations between public and private actors.

The roles of public and private actors under constant evolution

The role of the State: an ongoing debate

22. In most countries, the public sector and especially the agricultural public sector has lost much of its intervention and regulation capacity on account of the structural adjustments of the 1990s. There is thus a need for renewed and urgent discussion of the role of the State, which will ultimately depend on the prevailing political process in each country. Many national processes are seeking to rebuild public sector capacity, with an emphasis on the planning and management of public policy.

¹³ Reardon, T. and Berdegue, J. 2002. *The rapid rise of supermarkets in developing regions: implications for agricultural development*.

¹⁴ ECLAC. 2000. *Social Panorama of Latin America 2000*. ECLAC. 2006. *Social Panorama of Latin America 2006*.

¹⁵ Berdegue, J. 2007. *World Development Report 2008*. Presentation at FAO/RLC as part of the presentation of the World Development Report. Santiago, Chile.

¹⁶ FAO/BID. 2007. *Family farming policies in Latin America and the Caribbean*.

23. Decentralization has also influenced the role of the State to varying degrees and, in virtually all the countries of the Region, the balance of power and authority has moved to the intermediate and local levels of government as a result of the transfer of political, administrative and fiscal authority.

The private sector: corporate and associative

24. The Region's private corporate actors are acquiring increasing economic and political weight as a result of the strong dynamism and growing concentration of agribusiness in general, and of certain production chains in particular, in response to the vigour of the international market and technological innovations.

25. For example, the expansion of soybean production in the countries of the south¹⁷ has caused significant structural transformation: the size of production units has increased while their number has fallen; a property market has emerged; the decoupling of ownership and management of production unit has widened, with greater use of leasing; there has been an increase in work productivity and therefore a reduction in employment per hectare; and there has been a deeper internationalization of agricultural production.

26. Similarly, in several countries, producer associations and cooperatives have evolved from interest groups to second-tier business associations and networks that develop abilities and participate in high-value chains. The savings and credit cooperatives have also improved their indicators and broadened their market by offering credit products to rural households.

The Association of Organizations of the Sierra de los Cuchumatanes (ASOCUCH) in Guatemala is an entrepreneurial collective made up of 18 organizations (cooperatives and associations) and more than 8 000 rural household members. It has become leader in the provision of technical, business and financial advisory services and maintains close contracts with private organizations and companies.

Diverse and stronger civil society actors

27. Producer groups, social movements and rural trade unions have assumed lead roles in many countries, representing the aspirations and interests of small producers and casual labourers whose conditions of work are generally precarious and poorly regulated. There are more conduits and participatory mechanisms for the channelling of demands for access to land and services and for collective negotiations between agricultural workers and rural enterprises.

II. PUBLIC AND PRIVATE ACTION FOR RURAL DEVELOPMENT

28. The Region's rural institutional structure has many inadequacies: poorly coordinated government sectoral interventions; weak ministries of agriculture; incomplete processes of decentralization; policy and public expenditure distortions with subsidies in private goods to high-income segments; poorly developed private sector; and broad swathes of unorganized resource-poor households underrepresented in decision-making bodies. Taking a rural development agenda forward is a complex task involving the State, the private sector and civil society.

¹⁷ FAO 2007. Future expansion of soybean 2005-2014: implications for food security, sustainable rural development and agricultural policies in the countries of MERCOSUR and Bolivia.

Building a vision of the future and improving governance

29. The overriding importance of the short-term perspective and policy timeframe is probably one of the main causes of the discontinuity of public policies and largely explains their limited impact on improving competitiveness and reducing rural poverty. If better results are to be achieved, joint public and private action must be directed towards constructing a vision for the future that revolves around rural development.

30. With the role of the State in question and with increasingly powerful private and civil society actors, it is essential that joint public and private action be direct towards a more effective and equitable form of governance¹⁸ in the rural sector, addressing the conditions of each national society.

The beginning of 2000 saw the establishment in Chile of an "agricultural board" that was widely targeted at small farmer and business associations, academics, parliamentarians and public bodies, and produced "a State policy for Chilean agriculture for the period 2000-2010". The agricultural board experiment represented a significant precedent for the incorporation of family farming organizations in public and private bodies such as the Advisory Council of "Chile, Food and Agriculture Power" and the Public and Private Committee on Bioenergy.

Policy areas to promote joint public and private action

31. Five policy areas have been identified to promote public and private action and to advance competitiveness and a reduction of rural vulnerability and poverty:

- Elimination of hunger and child chronic malnutrition through national agreements between public and private actors, whereby the State legislates on the human right to food, resources are allocated and actions are implemented.
- Access of the rural population to markets through improved competitiveness and the economic and social inclusion of family farming.
- Food safety and quality, essential for ensuring public health in general and food exports.
- Animal health and the prevention, control and eradication of transboundary diseases.
- Territorial management, as part of the decentralization being implemented in the countries of the Region.

Eradication of hunger and child chronic malnutrition

32. Child chronic malnutrition exists in most of the countries and not only the poorest countries. Countries with low national levels of malnutrition¹⁹ also have hunger and malnutrition among significant segments of their population.²⁰ The elimination of hunger and malnutrition requires commitment and concerted action on the part of society as a whole.

33. It is important to begin by acknowledging this situation and legislating on the human right to food, in an agreed legal framework and from the perspective of both government and civil society. The role of public and private action and, especially, the participation of social movements in legislation on the human right to food have been fundamental for passing laws in Guatemala, Ecuador and Brazil and also for administering such legislation in Bolivia, Peru, Panama, Mexico and Nicaragua.

¹⁸ Governance understood as "the art or manner of governing aimed at achieving lasting economic, social and institutional development and promoting a healthy balance between the State, civil society and the economy" (RAE).

¹⁹ UNICEF. 2007. *Las disparidades en América Latina y el Caribe. Evaluación rápida de la situación de nutrición*. Regional Office for Latin America and the Caribbean.

²⁰ In Brasilia and Buenos Aires, levels of malnutrition amount to 2.9% and 5.4% respectively, while in northeast Brazil the level of malnutrition is 17.9% and in Chaco, in Argentina, 21.9%.

34. FAO has highlighted its willingness to help shape national agreements and the enactment of laws ensuring the human right to food. One support project is the Hunger-Free Latin America and the Caribbean Initiative, which includes actions to establish the right to food as State policy and the development of concrete experiences that can serve as replicable models.

Increased access of the rural population to markets

35. Broadening the access of rural populations to markets (goods, services and labour) means developing better relations between rural actors: between commercial agricultural and family farming, and between these and service providers, agroindustry, exporters and traders. Because rural markets operate inefficiently and are uncompetitive and unfair, targeted public policies are needed for their development.

36. Policies and rural public expenditure should serve to reduce the high transaction costs that impede the association of family farming with other actors and to reduce the distortion that generally exists in the channelling of subsidies to private goods which are usually captured by the higher-income population strata. Greater access to assets (land, water, services) will allow one part of the smallholder sector to engage competitively in the markets, while the other part will have to do so by joining the labour market or even by migrating from the rural areas.

37. Some of the main policy areas in which public and private action could help broaden the access of rural populations to markets include: a) value chains that incorporate smallholders; b) linkages between financial and non-financial services in rural areas; and c) agendas for technological innovation.

a) Development of value chains

38. Strategic collaboration between public and private actors to facilitate the development of value chains is an effective way of reducing transaction costs (negotiation processes, access to capital, information, market networks and technology) which are impeding access of family farming to markets. The value chain is a strategy to develop strong sustainable business relationships where participants (family producers, entrepreneurs, agroindustry, buyers) can compete under better market conditions and profit from their complementarities.

39. Faced with new market conditions, in particular in food supply and consumer demand (availability, quality, safety, traceability, consideration of the environment, prices), value chains are a mechanism that can broaden opportunities for family farming access to markets. To achieve this, public and private action should help overcome the limitations that exist in production structure, access to services and weak entrepreneurial partnership, and also deal with the poorly developed culture of honouring commitments because of the tendency to go for the business opportunity.

40. To promote value chains, the State has a key role to play in facilitating normative and regulatory processes and in developing areas of public interest in which chains operate, reducing asymmetries of information and improving infrastructure linking the urban and the rural. In the case of private actors and considering that the value chain is a business strategy, it is important to emphasize the development of trust between actors, the foundation of any chain, the management of risk through appropriate information, and the development of products and services that respond to market demand.

The case of INDACO in Peru.²¹ La Convención Food Corporation (INDACO) was founded in 1994 in Cusco, on the initiative of CARITAS and (public and private) institutional partners, including notably a municipality and producer associations and cooperatives with a membership of more than 16 000 small producers (cocoa, coffee, annatto, groundnut, soybean and maize). The main problems affecting INDACO are low productivity and lack of access to information and markets. Its activities include dairy processing, the handling of foods from local government food aid programmes, balanced foods, a sausage producing plant, in agreement with the provincial municipality.

b) Access to financial and non-financial service markets

41. Public and private action is also indispensable to broaden access to financial services (credit, savings) and to non-financial services (technical assistance, marketing support). This lack of access is one of the main barriers preventing family farming from entering markets. Access to just one service (credit or technical assistance) has proven to be insufficient and ineffective. Experience has indicated the need for complementary access to both services.²²

42. In most countries, the private sector has failed to extend such services to rural areas and has only partially covered the gaps left by privatization and the withdrawal of public institutions. This has renewed debate on the role of the public sector in creating or reforming development financing institutions²³ and in restoring public structures for the provision of technical assistance.

²¹ RUTA, FAO. 2006. *Financiamiento a las cadenas agrícolas de valor. Serfirural y Academia de Centroamérica, Costa Rica.*

²² Báez Lacayo, L. 2007. *Vínculos entre servicios financieros y no financieros en las áreas rurales: las experiencias de Centroamérica.* RUTA-SERFIRURA.

²³ Triveli, C. y Venero, H. 2007. *Banca de desarrollo para el agro: experiencias en curso en América Latina.* IEP.

Private financing for the purchase of land and the organization of production enterprises in Honduras. The case of PACTA. This programme has promoted partnership arrangements involving the State, the private financial sector, private providers of technical assistance and organized families around the common objective of creating production enterprises that have access to markets. As a result, 1226 poor rural families organized in 181 production enterprises have had access to land. In particular, 770 families managed to acquire 2000 ha for US\$2.7 million through long-term loans granted by 17 private financial institutions (commercial banks and savings and credit cooperatives); while a further 356 families acquired land through the usufruct of public lands.

c) Technological innovation

43. Technological innovation in agriculture as a scientific activity of national agricultural research institutes financed from fiscal resources has lost impetus, as it is no longer feasible to produce knowledge from the "supply" side without consideration of the "demand". Innovation is now conceived as an associative process or, rather, as a systemic approach whereby the State, companies, the technological and scientific sector and other actors need to interrelate and to complement each other.

44. The generation of a system of innovation that serves to increase the competitiveness of agriculture and the agrifood sector of the countries of the Region will only take place with the participation of public and private actors, large companies and small producers, academics and extensionists, and farmers and agroindustry. More than any other field, technological innovation requires cooperation and partnership between actors.

Foundation for the Agricultural and Forestry Technical Development of Nicaragua (FUNICA), created in 2001 by 27 public and private institutions, academia and agricultural groups, seeks to improve the competitiveness of the agricultural and forestry sector by investing in technological innovation and disseminating new technologies. It has achieved significant success in promoting dialogue between the public and private sectors. It has created spaces for participation of the private sector in technological development and has developed partnerships in various technological fields and innovative experiences in the provision of technological services in a competitive manner, through implementation of the Technical Assistance Fund (FAT) and Technological Research Fund (FAITAN).

Food safety and quality

45. Consumer concern for food safety and quality and greater international trade in agricultural commodities have heightened demand for technical and institutional support to raise systems of food production, packaging and distribution to required standards.

46. Food production, packaging, distribution and marketing is largely done by the private sector in the Region. The public sector is expected to play the role of inspector, creating a normative framework that will ensure national and international quality rules and standards are met. Both the public and the private sectors have fundamental roles to play in the supply of safe and wholesome food. The countries that have been most successful in creating positive synergies are those that have been able adept at managing this relationship.

Animal health, and the prevention, control and eradication of transboundary diseases

47. The Region is the world's leading exporter of beef and poultry, and its livestock sector accounts for more than 45% of regional agricultural GDP. Nevertheless, transboundary animal diseases pose a serious threat to productivity, trade, food security and public health. Addressing this threat requires national animal health systems that involve public and private partnerships as

well as governments, the scientific and technological community and the production sector. The transboundary nature of animal diseases also calls for subregional strategic alliances between national health authorities.

48. Health policies should be geared towards providing the strategic and normative (juridical and legal) framework that is needed to adhere to national and international agreements on health measures, facilitating the formulation of national public and private standards and enhancing the health and safety of livestock products to gain market access, and strengthening official veterinary services. The private sector has a key role to play in animal disease control and eradication programmes and in the areas of surveillance, control and sanitary campaigns. Research centres, universities, laboratories, animal health service companies and, in particular, national and local producer organizations are key players in the development of animal health plans and programmes.

Territorial management

49. In the framework of the decentralization taking place in most of the countries, territorial institutional arrangements are gaining importance as an element of more effective and equitable rural governance and delivery of public action within a sectoral perspective. The territory has ceased to be objectively demarcated in space and time and has become a social construct of coexisting relationships that generate a common identity among public and private agents.²⁴

50. As experience in the Region has shown, it is through interaction in public arenas that actors identify opportunities for cooperation which translate into territorial projects which in turn shape the regions.²⁵ The establishment of clear rules of the game from the very outset is essential to prevent, on the one hand, the exclusion of social groups with less organizational capacity and, on the other, the concentration of decision-making and benefits in the hands of the more capitalized and powerful groups.

III. CHALLENGES AND OPPORTUNITIES OF FAO CONTRIBUTION

51. Joint public and private action is essential and needs to be promoted in public rural development policies. In this connection, the principal challenges facing countries are: a) enhancing governance in the rural sector; b) incorporating family farming into the processes of economic and social development; and c) enhancing the performance of rural labour markets. On account of its international experience, FAO possesses the technical capacity to assist countries in formulating and implementing policies directed towards strengthening the public and private relationship for the benefit of rural development.

Building a more effective and equitable system of governance in the rural sector

52. Some countries of the Region have set out to resolve the institutional inadequacy of their agricultural public sectors and increase their capacity of regulation and management of public policies. There have also been many initiatives of national dialogue between the public and private sectors (trade groups, social movements), often with the objective of planning the way forward and elaborating State sectoral policies.

53. FAO is helping build national capacities for public regulation which are essential for achieving greater sectoral competitiveness in areas such as plant protection and animal health systems, food safety and quality, biosecurity, forestry and fisheries. It has also provided assistance in drawing up juridical frameworks, rules and regulations, and institutional arrangements that will

²⁴ Sumpsi, J.M. 2007. *Desarrollo territorial rural. Relaciones entre las transformaciones institucionales y productivas. Territorios rurales. Movimientos sociales y desarrollo territorial rural en América Latina*. Santiago, Chile.

²⁵ Beduschi, L.C. 2007. *Arreglos institucionales para el desarrollo territorial rural*. Analysis of experiences in Brazil, Mexico and Chile. Rural territorial development. Analysis of experiences in Brazil, Chile and Mexico.

ensure the participation of the different stakeholders. Training in the application of these regulatory frameworks is another area in which FAO has provided technical assistance.

54. The Organization will continue to contribute to the ordering of experiences and to the facilitation of public and private institutional arrangements for more appropriate territorial management, in the context of decentralization.

Policies for the inclusion of family farming

55. Greater recognition of the role of family farming and its contribution to food security and reduction of rural poverty has led the countries of the Region to pay it increasing attention in public policies aimed at promoting their competitiveness and reducing their vulnerability. One example is the Central American Joint Agricultural Policy (PACA) which has included the 'smallholder' sector as strategic thrust. Similarly, the countries of the Expanded MERCOSUR have promoted a "Specialized Meeting on Family Farming" (REAF) whose recommendations have been submitted to the Southern Agricultural Council.

56. In this context, FAO could reinforce and broaden its contributions in aspects such as:

- Extracting and publicizing lessons from public and private partnership experiences that have successfully included family farming and that can serve as input for the design and management of policies;
- Continuing its rural public expenditure studies, with a focus on identifying "intelligent subsidy" schemes to facilitate rural partnerships and reduce existing inequities; and identifying institutional arrangements that could facilitate the alignment of incentives in public programmes, especially those designed to support production and those of a social nature;
- Identifying and disseminating insights for policies aimed at improving the capacities of producer organizations and facilitating their incorporation into value chains;
- Helping identify the factors of adaptation of family farming systems to climate change, and mechanisms to tap existing potential for expansion of environmental services.

Labour markets associated with agriculture

57. The Region has strongly pursued policies to foster investment in and creation of employment, as a primary route out of rural poverty. However, if employment is to have this effect, it must be accompanied by the conditions and qualities that give it dignity. One feature of the expansion of agribusiness in the Region has been a casual labour market that often lacks the conditions and remuneration needed to offer a realistic or sustainable pathway out of poverty.

58. FAO could look more closely at agricultural labour market conditions and put forward suggestions for their improvement.