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PUBLIC AND PRIVATE SECTOR ROLES OF AGRICULTURE AND HEALTH IN ERADICATING HUNGER AND EXTREME POVERTY IN RURAL AREAS -- MOBILIZING INTERNATIONAL COOPERATION

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Rural Poverty and Extreme Poverty

1. The national rural development policy of the “Concertación” governments since 1990 has had a major impact in terms of reducing rural poverty and extreme poverty, in which 20.1% of the rural population currently lives, in contrast to 1990, when the figure was 39.5% (Table 1).

2. Indeed, activities in forestry and agriculture have shown great vitality in the past decade, manifested in the 0.2 percentage point increase in their share of the GDP between 1996 and 2003, a figure that has risen in recent years with the heavy growth of sectoral exports. Thus, exports in 2004 totaled US\$ 7.4 billion dollars and imports \$1.600 billion, with 15% growth in the same period.

3. The vitality of sectoral activity stems from many factors, especially:

- Powerful expansion of foreign markets as a result of trade agreements;
- Public investment in communications and the paving of secondary roads;
- High levels of public investment in irrigation infrastructure and the irrigation of farmland;
- Public investment in research and technology transfer;
- Private investment in technology, processing infrastructure, and international marketing.
- A strong push in the coming years for the production of new crops, the development of new product categories, and access to new markets, especially in Asia.

4. In addition, the State has implemented a sustained, systematic policy to integrate small agriculture and fight rural poverty.

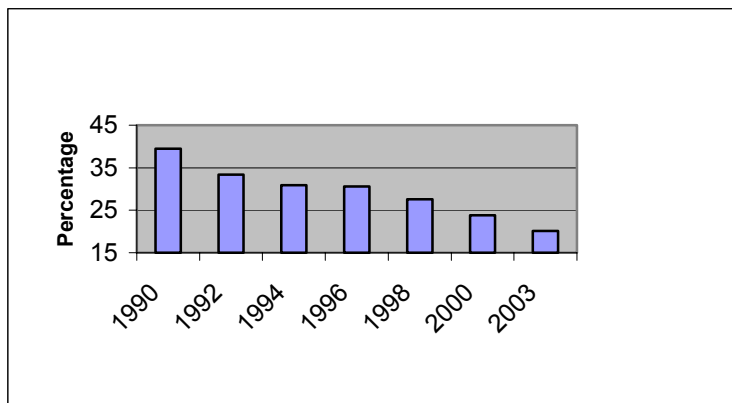
5. Rural poverty and extreme poverty are evaluated through the CASEN survey, whose methodology has been the same since the 1980s--that is, it considers only independent income (income from work and/or retirement pensions). Consequently, these surveys overestimate both extreme poverty and poverty by failing to consider the subsidies granted to the rural population.

Table 1
Rural Poverty and Extreme Poverty
1990-2003
Percentage of the total rural population¹

Years	Poverty %	Poverty %
1990	39.5	15.2
1992	33.4	9.8
1994	30.9	9.8
1996	30.6	9.4
1998	27.6	8.7
2000	23.8	8.3
2003	20.1	6.2

6. Nationwide, rural poverty has been reduced from 39.5% to 20.1% of the rural population.

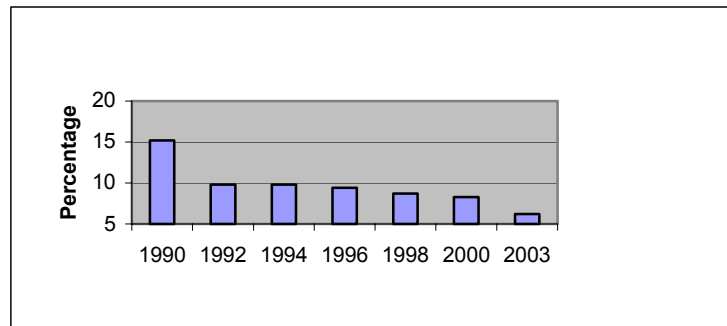
Table 2
Chile: Rural Poverty Trend
1990-2003



7. Extreme poverty, in turn, which accounted for 15% of the rural population in 1990, has fallen to 6.2%. (Table 3).

¹ Note: the percentages for poverty include extreme poverty. Prepared by ODEPA with information from MIDEPLAN.

Table 3
Rural Poverty Trend
1990-2003



8. The diverse subsidies aimed at raising income and improving the quality of life of the rural population include:

- The school meal program, which covers all urban and rural schools. Under this program, all children who attend schools that operate in the morning receive breakfast; those who attend in the afternoon receive lunch; and those who attend the full day, which under a recent law will be extended to every school in the country, receive free breakfast and lunch during the school day.
- Chile Solidario [Chile Solidarity]: This is a social protection system created by the Government of President Ricardo Lagos to assist our country's poorest families. Run by the Ministry of Planning and Cooperation, the system's objective is to invite 225,000 households--15,000 of them comprised of people over the age of 65 who live alone--to participate, so that they can work with the Government to improve their living conditions. In order to accomplish this, MIDEPLAN has been charged with coordinating the public and private social network at the national, regional, and local level to meet the needs and demands of the families covered by Chile Solidario. The goal is for the Chile Solidario Social Protection and Promotion System to be working with 225,000 families currently living in extreme poverty by the year 2005.

9. Indigenous Peoples. Through the Policy for a New Relations with Indigenous Peoples, a new relationship between society, the State, and the indigenous peoples of Chile is being developed, bearing in mind and consolidating the progress already made and addressing emerging issues such as the crafting of development proposals with an indigenous identity, the recognition and exercise of rights, and new public institutions. Recognition of Chilean society's cultural diversity; the forging of a new relationship between society, the State, and indigenous peoples; the granting of lands, the broadening of indigenous peoples' rights, and participation and cultural relevance as key to policy

formulation, execution, and evaluation are the guiding principles of the indigenous peoples policy that the Government is promoting.

Small Agriculture and the Development of Forestry and Agriculture

10. Small agriculture in Chile consists of 330,000 farms, 103,000 of which correspond to subsistence producers and 176,000 to small productive enterprises, which together cultivate 22.6% of agricultural lands, or around 18 million Ha. Small agriculture grows annual crops on 44% of the land area and possesses 44% of the country's cattle stock.

11. It is impossible to think about raising the income and improving the living conditions of rural dwellers without public policies to promote production that will give small agriculture access to funds for investment and technology, facilitating its participation in the dynamic growth of the forestry and agriculture sector, not only with respect to products for the domestic market, but also for export.

12. Thus, the Concertación governments have developed a wide range of productive development instruments that are geared to these producers and cover a broad spectrum, significant among them:

- A Technology Transfer and Training System, developed by the Livestock Development Institute (INDAP), which has boosted the productivity and profitability of traditional crops and made possible the introduction of new export crops that are especially advantageous for small producers--i.e., flowers, berries, forced cultivation of crops under plastic, livestock, trees, etc.
- Agricultural information centers throughout the country, specializing in information and assistance to small producers.
- Disaster subsidy to cover credits for investments damaged by physical or biological disasters beyond the control of the producer.
- Competitive tender for investment projects for rural women, which will enable them to make investments that will contribute to the sustainability of their current productive activities, through subsidies of up to 70% of the investment.
- Short-term credits to rural organizations to finance the harvesting, selection, processing, and marketing of goods produced by campesinos.
- Individual short-term credit, designed to finance the annual needs of farms.
- Family Production Voucher, designed to maintain and improve the agricultural activities that the most vulnerable small producers engage in for their own sustenance.

- Agricultural Modernization Program. This supports crop and livestock diversification, the modernization of technology, and differentiation based on quality.
- Technical and financial support for small farmers to give them access to the subsidies provided under the Irrigation and Drainage Promotion Act.
- Program for the Recovery of Degraded Soils. This program subsidizes up to 80% of the costs associated with calcareous amendments, the development or restoration of pasturelands, the rehabilitation of soils, soil conservation, and phosphate fertilization.
- Provider Development Program, to improve the quality and services that providers offer to small farmers.
- Program for the Internationalization of Rural Agriculture (INTERPAC). This program is associated with the Livestock Export Promotion Fund, geared specifically to give rural agriculture access to international markets under competitive, sustainable, and profitable conditions.
- Rural Forestation Program, which subsidizes the first 15 Ha forested by campesinos up to 90%, and 70% of the additional land area if degraded soils or soils with forestry potential are involved.

Public Investment in Rural Areas

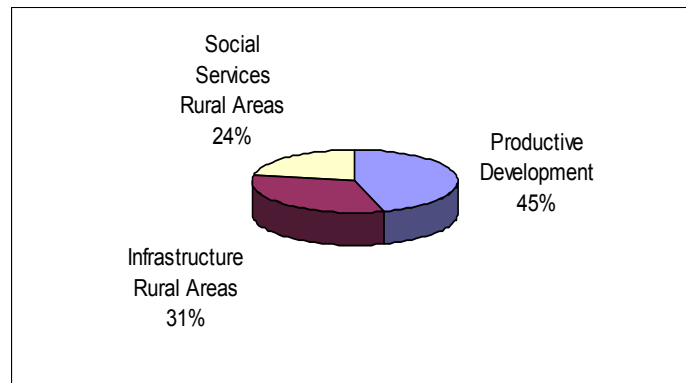
13. Achievements in the development of rural and agricultural production cannot be explained without the public investment effort made during the period in all areas of rural public infrastructure (Table 4). Among these are the goal paving of 5,000 km of secondary roads during the period 2003-2006. As suggested and observed by FAO, it is important that the three basic components of public expenditure--infrastructure, social services, and productive development--have been quite balanced in the country in recent years (See Table 5). These figures include only ministerial programs that explicitly target rural areas. As a result, investments and actual expenditures in these areas that come out of undifferentiated general budgetary funds are not included, although they should be.

Table 4.
Public Expenditure for the Agricultural and Rural Sector
1996-2002

	1996	1997	1998	1999	2000	2001	2002
Productive development	319.5	376,9	413.1	412.1	398.5	383.6	362.1
Rural infrastructure	277.6	350.0	278.6	219.8	249.7	237.8	188.2
Rural social services	212.1	196.6	143.1	118.5	157.1	286.7	315.9
Total	809.2	926.6	834.8	760.4	860.3	908.0	866.2

Source: ODEPA, based on information provided by the respective departments

Table 5
Distribution of Public Expenditure to the Agricultural Sector and Rural Areas
Average for the period 1996 - 2002

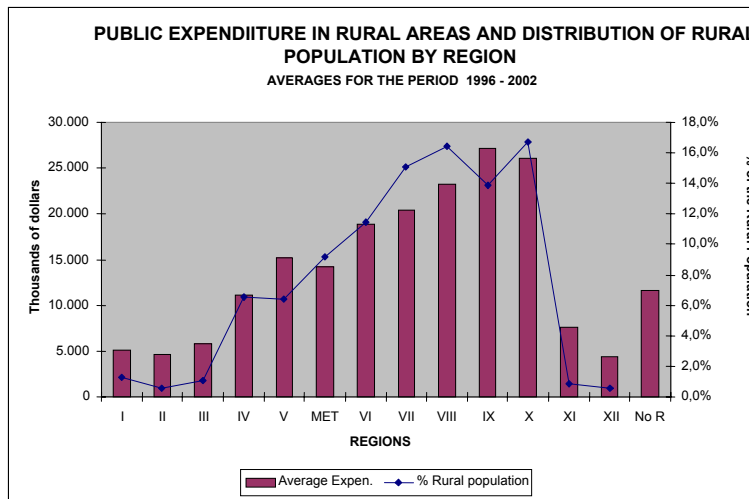


Regionalization of Expenditure

14. Territorial disaggregation of the information, whose feasibility varies, shows a trend in the interregional distribution of average spending in rural areas in recent years compatible with the distribution of both the rural population and farms in the country.

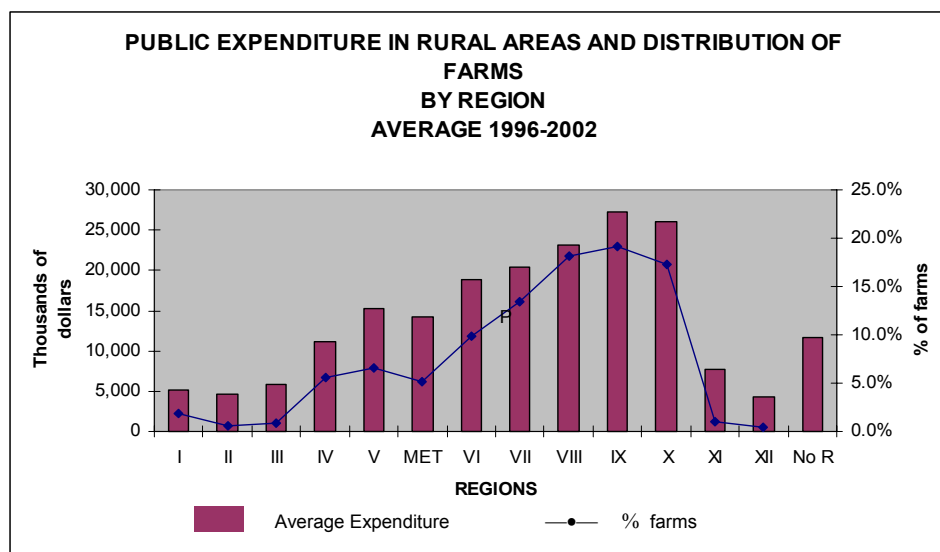
15. Thus, the highest investment figures are found in the regions of Araucanía (IX), Lagos (X), Biobío (VIII), and Maule (VII), which historically have had the highest indices of rural poverty. (Table 6).

Table 6



16. Furthermore, if public expenditure in rural areas is analyzed in terms of the regional distribution of farms, it is consistent with the number of farms in each of them. (See Table No. 7).

Table 7



A New Direction: Territorial Development Strategies.

17. In the coming years, territorial public investment programs that make use of private investment to amplify their impact through plans that promote a high level of positive synergy and encourage high levels of participation and consensus among public and private rural actors will assume particular importance. Hence, during the Government of President Lagos, a new Regional Strategy for decentralized, participatory management of rural development was launched in Region VIII.

18. Consequently, territorial development programs for the inhabitants of territories with homogeneous resources and productive potential have been implemented. These programs are characterized by a real drive toward decentralization and integrated, participatory human development.

19. Eight basic guidelines were established as better ways to surmount obstacles and take advantage of the opportunities identified. They are: integral development of the territory; comprehensive, sustainable, and competitive productive development; strengthening of rural areas, improvement of equity and sustainability levels; science and technology for development; modern public management that is close to the people; better quality of life and relations among people; and regional identity, an integrating challenge of diversity.

20. In order to bring these plans to fruition, 14 territorial units have been identified that cover the entire region. These units, known as "Planning Territories," consist of groups or parts of communes selected on the basis of institutional, physical and economic parameters. The proposed action also includes publicity and evaluation, which are vitally important phases that lend continuity to the integrated regional planning, conceived as a dynamic and participatory process requiring, when necessary, new emphases and/or challenges consistent with the advances in economic and social development in the region.

21. This highly successful initiative, which brings together all public and private actors, producers, professionals, and technical personnel in a common project, has had a major impact on the region and each of its territories, creating new prospects for efficient, decentralized, and participatory rural development. This new approach will undoubtedly affect the national understanding of rural development and its management, modifying traditional patterns in the national public services linked with agricultural and rural development.

International Cooperation.

22. Given the evidence that despite the progress arising from the global integration processes, more than two-thirds of the population lives in poverty, resulting in mass population movements; environmental degradation, unmanageable megalopolises where the cost of living is high; the spread of disease; and political tensions--conditions that without a doubt synergistically limit trade and investment flows, which in turn fuels the vicious cycle that impedes any initiative aimed at reducing global poverty.

23. Nevertheless, despite its gravity and the countless speeches and discussions in forums and conferences, the problem persists, because there has been little implementation of the international agreements to fight poverty and hunger and action in this direction has been slow.

24. Consequently, our country, as a nation with an intermediate level of development, not only benefits from external cooperation designed to develop and strengthen projects in areas with greater relative poverty but has gradually begun to participate in many multilateral and bilateral technical assistance initiatives.

- The most important of the joint initiatives in which Chile participates is perhaps the multinational program to fight hunger and poverty (GT-59, led by the UN and inspired by the Hunger 0 Initiative of President Lula of Brazil). On 30 January 2004, the presidents of Brazil, France, and Chile, together with the Secretary General of the United Nations and of FAO, issued a Joint Statement in Geneva on the fight against hunger and poverty, which basically seeks to forge a partnership to cut the number of malnourished people in half by the year 2015. The governments of Spain and Germany formally joined the initiative on 11 February 2005 at the Third Technical Meeting.

This joint initiative, which other nations are expected to join to continue making progress toward the attainment of Millennium Development Goals, seeks to identify, from a technical-political perspective, different forms of North-South cooperation by creating a fund to fight hunger and poverty, whose resources would come *inter alia* from taxes on certain arms and financial transactions.

Each country has formed a technical committee, whose members have begun to meet regularly in different countries. The last meeting was held in Chile on 22 and 23 March of this year.

- In another area, Chile collaborated with the FAO Emergency Coordination Unit in its efforts to assist Haiti, under the strategy to mitigate the impact of the country's recent political crisis and natural disaster and their effect on the

- population's food security. Chile's Ministry of Agriculture sent two experts to participate in the technical assistance programs from August to November 2004. Discussions are under way to continue with the initiative.
- Chile's participation in the FAO Special Program for Food Security (SPFS) in Central America since 2000, through technical and professional support to the Government of Guatemala. The second stage of the program involves continued efforts to raise nutritional levels in the populations of 28 municipios in the eastern part of that country.
 - Technical assistance programs for sanitary improvement and food safety in the livestock sector in several countries of the Region.
 - Development of technical assistance programs within the framework of Chile's South-South Horizontal Cooperation Program with Central America, the Spanish-speaking Caribbean, CARICOM, and South America. This initiative, promoted and coordinated by the Chilean government's International Cooperation Agency (AGCI), seeks to develop bilateral and multilateral lines of work with other nations or financing or technical assistance agencies, among them Japan's JICA; FAO; UNDP; IICA; Germany's GTZ; the Spanish and Basque Cooperation Agencies; The World Food Program; and the Representative Office of the International Organization for Migration (IOM).
 - Another recent technical cooperation program for Caribbean countries (Saint Kitts and Nevis, Antigua and Barbuda, among others) involves the search for productive transformation strategies to shift from the monoculture of sugarcane or cotton to the development of small- and medium-scale fruit and vegetable production aimed at providing jobs for surplus labor, protecting soil and water resources, and substituting imports of food staples. There is also a broad cooperation agenda in other areas, such as techniques to improve agroprocessing and strengthen aquiculture.
 - Development of a program to provide technical assistance to the Government of Iraq for the implementation of a model school food program similar to the one sponsored in Chile by the National Board for School Aid and Scholarships. In August 2003 an expert from our country visited Iraq, a trip that was preceded in the middle of last year by the arrival of five officials from the Iraqi Ministry Education interested to learning about Chile's experience in the area of child nutrition.