



IFAD in the **MERCOSUR** area

Poverty affects a large proportion of rural people in Argentina, Brazil, Uruguay and Paraguay. They are poor mainly because they lack access to productive land and because land distribution is unequal. They also lack adequate access to information, technical assistance, capacity-building and productive assets. Because poor rural people's access to appropriate technologies, knowledge and markets is limited, they do not have an opportunity to capitalize on farm production or other income-generating activities.

In many cases, poverty is also the result of difficult climatic conditions and a limited natural resource base.

In the rural areas of the Southern Cone Common Market (MERCOSUR) countries, the poorest and most vulnerable people are landless peasants, poor smallholder farmers, women, young people and ethnic minorities.



IFAD's strategy in the area

Working to enable poor rural people to overcome poverty, IFAD operates in the MERCOSUR countries at two levels:

- at the subregional level, within the institutional framework of MERCOSUR, it promotes a platform for dialogue between governments and smallholder farmers' associations, with the aim of increasing public investment in family farming
- at the national level, it provides funding and technical assistance to governments for the implementation of rural development programmes and projects that translate into action the agreements reached at subregional level

IFAD operations in the MERCOSUR area

PROGRAMMES AND PROJECTS

ARGENTINA

Since 1988 IFAD has approved loans to Argentina on ordinary terms for a total of US\$84.0 million. The loans have funded 53 per cent of the cost of five rural development programmes and projects worth US\$158.4 million. Local and national governments have provided cofinancing for these initiatives for the amount of US\$68.2 million, which represents 43 per cent of total costs. The rest was provided by those who benefited directly from the programmes and projects and by other lending institutions. One project is ongoing in the northwest, and a project in the northeast is closing its activities. A third project is starting in Patagonia, and a national rural development programme will start activities shortly in ten of the country's central and eastern provinces. With the new programme, IFAD expands its scope in the country, moving from a local to a nationwide approach.

BRAZIL

IFAD's operations in Brazil focus on the semi-arid northeast, the region with the greatest concentration of poor rural people. Three projects provide technical and financial services to smallholder farmers and landless people and promote alternative income-generating activities. At the federal level, the IFAD-financed Dom Helder Câmara Project supports the agrarian reform process and provides useful lessons for replication and policymaking. IFAD began its operations in Brazil in 1980 and has approved a total of US\$141.7 million in loans on ordinary terms for six projects. The Government of Brazil has contributed US\$187.7 million to cofinance the initiatives, which have a total cost of US\$419.5 million. In 2007, an evaluation of the IFAD programme of work in the country has led to the formulation of a new strategy for action that will be discussed with the Brazilian government and other development partners.

PARAGUAY

IFAD supports the Government of Paraguay's efforts to combat poverty and strengthen the capacity of smallholder farmers' organizations in the Paraná River basin in the eastern region of the country. This is the latest of six rural development programmes and projects supported by IFAD in Paraguay since 1979, for which IFAD is covering 83 per cent of the total project funding. IFAD has provided the country with a total of US\$52.5 million in loans to promote integrated rural development initiatives and improve poor farmers' access to credit and financial services.

URUGUAY

IFAD works with the Government of Uruguay to implement an innovative, nationwide Smallholder Support Programme that promotes *mesas de desarrollo rural* (rural development forums). Local participants, including members of civil society and representatives of the public sector, come together in the forums to determine local development priorities and orient public investments. From 2008 onwards, the



IFAD and MERCOSUR

In 1991 Argentina, Brazil, Paraguay and Uruguay established the Southern Cone Common Market (MERCOSUR). Since then six more countries have joined MERCOSUR as associate members. They are Bolivia, Chile, Colombia, Ecuador, Peru and the Bolivarian Republic of Venezuela.

Since IFAD was established in 1978, the organization has approved 19 loans for a total amount of US\$303.9 million to fund rural and agricultural development programmes and projects in the four founding member countries of MERCOSUR. National and local governments, project participants, multilateral and bilateral donors and other partners have contributed US\$494.1 million for these initiatives. A total of US\$798.0 million has been mobilized to implement activities directly benefiting more than 246,000 poor households.

experience will be institutionalized, becoming part of the mandate of a new Dirección General de Desarrollo Rural.

Since 1993 IFAD has approved two loans on ordinary terms for a total of US\$25.7 million for the two-phase programme. The government has contributed US\$16.0 million, which is 36 per cent of the total programme cost. In addition, IFAD participates in the implementation of the One UN pilot initiative to harmonize the work of United Nations agencies in a common country programme and increase their efficiency.

GRANTS

Currently Argentina, Brazil, Paraguay and Uruguay benefit from four subregional grants. The grants cover ongoing activities in these countries, including:

- a two-phase programme funded by two grants to institutionalize rural development on the MERCOSUR policy agenda and ensure the participation of poor smallholders' associations in policymaking
- a programme to set up and consolidate a research network offering training to small farmers in the cultivation and processing of medicinal plants
- the Learning Routes Programme, an innovative on-the-job training initiative for development workers and rural communities

In Brazil a country-specific grant is financing a pilot programme to test innovative technologies and management schemes for the integrated production and transformation of castor beans into crude oil, for the production of ecofuel.

In Argentina the Multidonor Programme IFAD/IADB/Italy to Eradicate Rural Poverty in Latin America and the Caribbean has fostered the development of a national and provincial rural development strategy.

In Paraguay IFAD recently approved a grant to develop rural finance networks and enable small-scale producers to gain access to credit and other financial services.

In Uruguay a grant supports the government's efforts to build the capacities of family farmers and their organizations and enable them to position themselves better in the public-sector procurement market, in the framework of the country's food security and poverty reduction programme.

MERCOSUR countries have also benefited from regional grants promoting access to markets, monitoring and evaluation, knowledge-sharing and gender equality in all Latin American countries.

CAPACITY-BUILDING

Better trained, better results

Since 1988 IFAD has provided grants worth a total of US\$5.2 million to build the capacities of a whole new generation of highly skilled local development workers. Programmes such as PROCASUR and PREVAL have promoted training and evaluation services and have had a powerful multiplier effect on rural development in the area. Activities now target rural poverty more effectively and allow for a better evaluation of how programmes and projects actually achieve poverty reduction goals.

POLICYMAKING

Smallholder farmers, key actors in MERCOSUR

Since 2000 IFAD has been working with MERCOSUR on a programme to create and consolidate spaces for policy dialogue within the common market. The aim is to ensure that through smallholders' associations poor farmers are included in the political, economic and social benefits of the regional integration process. The programme has financed two grants:

- the IFAD/MERCOSUR grant supported the creation of converging ministerial agendas on rural poverty and family farming policies among member countries
- the IFAD/REAF grant supports policy dialogue between governments and associations of smallholder farmers

SOUTH-SOUTH COOPERATION

Traditional knowledge as the basis of innovation

Rural communities in the four MERCOSUR founding member countries traditionally produce and use medicinal plants. Now dynamic global markets and the world's growing interest in alternative medicine offer new opportunities for producing and processing medicinal plants to make herbal medicines and sell them on a larger scale. In 2005 an IFAD grant contributed to the establishment of the Regional Medicinal Plants Development Network in the MERCOSUR area (PLAMSUR). A second IFAD grant, approved in 2007, will promote linkages between PLAMSUR and Phytotrade Africa, a similar network in eastern and southern Africa. The grant supports efforts to share information and experiences of market access and processing techniques.



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For further information on rural poverty,
visit the Rural Poverty Portal:
<http://www.ruralpovertyportal.org>



Building a poverty-free world

In 2008, IFAD marks 30 years of fighting rural poverty and hunger. IFAD was created in response to the droughts and famines that killed many millions of people in Africa and Asia in the early 1970s. World leaders at the 1974 World Food Conference decided to form a global alliance to fight rural poverty, an underlying cause of hunger and malnutrition. Their vision was a new and unique partnership between the members of the Organisation for Economic Co-operation and Development (OECD) and the Organization of the Petroleum Exporting Countries (OPEC) and other developing countries dedicated to agriculture and rural development.

IFAD is an international financial institution and a specialized United Nations agency. Since 1978, IFAD's member countries have together invested more than US\$10 billion in loans and grants, helping over 300 million poor rural women and men to grow more food, improve their land, learn new skills, start businesses, build strong organizations and communities, and gain a voice in the decisions that affect their lives. But hunger and poverty remain widespread in many countries, and poor rural people face new and daunting challenges, such as climate change. Now on the 30th anniversary of IFAD's founding, we honour our founders' vision and renew our commitment to enabling poor rural people to overcome poverty.



Enabling poor rural people
to overcome poverty

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