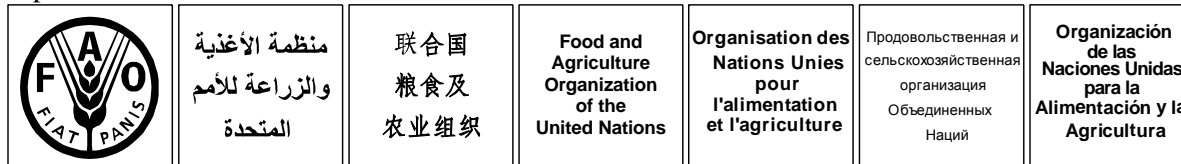


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**LATIN AMERICA AND THE CARIBBEAN FORESTRY COMMISSION****TWENTY-NINTH SESSION****Lima - Peru, 9 – 13 November, 2015****SUSTAINABLE DEVELOPMENT AND RURAL INNOVATION IN
LATIN AMERICA AND THE CARIBBEAN****Note by the Secretariat****Introduction**

During the 90s, the rate of economic growth in the Region was at 2.9% on average compared to 2.7% globally, with periods of growth that surpassed 5% (1997) and others below 1% (three years). During the next decade, the region experienced greater stability in terms of economic growth, and in spite of the economic downturn in 2002 and the 2008/2009 crisis (with a regional contraction of -1.6%), the region grew an average of 3%, exceeding the rate a decade earlier and the overall rate of growth worldwide.

Countries in Latin America and the Caribbean have made great progress in reducing extreme poverty, hunger and malnutrition, infant mortality and the lack of access to water. But there is still a wide gap between many of the commitments made within the context of the Millennium Development Goals and what has actually been achieved. The region has demonstrably shown heterogeneous results; some countries have made more progress in certain indicators than others in the region.

The region's sustainable development could be assured if efforts aimed at reducing the gaps and the above mentioned heterogeneities continue and greater emphasis is placed on reaching the new Sustainable Development Goals (SDG). These new challenges (SDG) and those that have yet to be met can be addressed through structural change where the challenges of achieving equality and environmental sustainability as well as economic progress are the main focus of development. Promoting sustainable forest management for improved livelihoods of the rural population in the region is the forest sector's contribution to this effort.

In this context, inclusive institutional and technological innovation, when effectively applied to improve productive systems, can become an important element for promoting equality, social inclusion and environmental protection.

This structural change necessary to promote sustainable development requires transformative political decision-making at the national level, the adoption of differentiated policies aimed at the most vulnerable sectors of the population, and greater regulatory and governance compliance. At an

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international level, it is important to promote fair trade, technology transfer, international financial reforms, and new and effective funding methods.

Sustainable Development

Rural poverty eradication, sustainable management of natural resources, and the social and economic transformation of rural territories needed for the rural economy's sustainable development are challenges that require the participation and empowerment of the rural population, innovative solutions and the commitment of society as a whole.

There is no "one size fits all" solution for sustainable rural development, however, FAO's experience in the region has shown that the achievement of these goals is dependent on three fundamental pillars. The first is the political will of governments to address these challenges within a context of macroeconomic stability to adequately deliver public goods, make needed investments and fund strategic programs. The second pillar is the development of judicial, legal and policy frameworks to guarantee the human right to food, food security and secure access rights to productive resources and social services by men and women on equal terms. The third pillar is the development of differentiated policies that focus on the most vulnerable and seek to address the productive, social and economic gaps that exist in certain areas.

In the forestry sector, both the political will and the development of policy frameworks to guarantee resources for this sector as well as the development of differentiated policies have been shown in various forms and performed on different levels of intensity. However, in general terms, the level of discussion surrounding forestry policies needs to be raised at the national and regional level, to capture new investments to promote sustainable forest management tailored to the reality of the forest sector, and to better focus forestry policies on creating an enabling environment for the rural population, and especially the most vulnerable, to be engaged in sustainable forest management, on the integration of forests in the landscape, on informing advocacy efforts and ensuring equality and social inclusion.

Rural Innovation

Innovation for rural development has diverse effects on rural poverty, which can be classified as direct and indirect. For example, a direct effect would be greater production as a consequence of the increase in productivity resulting from the adoption of better technology. This is important for producers living in poverty and who could potentially improve their diet and income by marketing their surplus. An indirect effect would be new sources of employment for farmers as a result of enhanced local productive activities. Both can have a catalytic effect on the local and national economy, depending on the scale.

When promoting innovation for development it is important to keep in mind that: i) the technology delivered must be suitable for the target group, i.e., if it is to be applied by small-scale producers, it must be tailored to small-scale production; ii) the technology to be employed must be environment-friendly, i.e., natural resources must be protected when the technology applied; and iii) what is produced following the adoption of technology cannot be hazardous to human health.

In the forest sector, sustainable forest management technology often does not reach small-scale rural producers who, given their condition as such, have limited access to technical assistance and cannot cover the costs of the technology required for their forestry activities. Furthermore, native forests are often exploited at a small, medium and large scale without applying good practices approach, which could potentially have a negative impact on the environment.

Elements of Sustainable Development and Rural Innovation

In spite of the marked heterogeneity among countries and among territories within the same country, in most rural settings in Latin America and the Caribbean (LAC), where families are deeply involved in agricultural and forestry activities¹, the following elements should be taken into account when promoting rural sustainable development and innovation:

Support for family farming - Family farming make a major contribution to the economy of many countries in the region and are, therefore, a vital component in addressing problems associated with hunger, rural poverty and sustainable development. Several strategies can be developed to support family farming, but three in particular are fundamental: i) guaranteed access of family farmers to land, forests, fish stocks and other productive resources; ii) delivery of public goods, including technology and innovation, and funding from institutional services and entrepreneurial incentives; and iii) support to farmer organizations to guarantee access to information, technical assistance, insurance, and supplies and produce markets.

Build local value chains - Urbanization patterns and new consumer demands in LAC are windows of opportunity for strengthening local value chains. The forest sector could become an important supplier of goods for these chains; technology and innovation in small-scale productive activities are needed to diversify and improve the quality of forest-based assets.

Develop risk management strategies and environmental services, including social protection, to enhance the resilience of rural livelihoods - Strategies for social, environmental and economic risk management in the rural sector include: i) responsible governance of land tenure, fisheries and forests; ii) an ecosystem approach to natural resources – land, water, forests, climate - management, including biodiversity and the conservation and sustainable use of genetic resources; iii) adapting to climate change; iv) adopting a “one health” approach that integrates animal health and plant/forest health with human wellbeing and the health of ecosystems; v) promoting mixed systems and integrated systems of production; vi) valuation of environmental ecosystem services for family farmers who are developing agro-ecological systems and promoting sustainable forest management; and vii) social protection programs in harmony with family farming and territorial rural development policies.

Promotion of rural entrepreneurship and job diversification, especially among youth and women - Entrepreneurship can be promoted and new rural jobs created if all agriculture, livestock, forestry, fisheries and aquaculture sector stakeholders, together with rural development agencies and employers are engaged and work together. It is important that: i) self-employment, independent activities or small rural businesses be promoted with an emphasis on youth and women; ii) more training programs be offered to improve the employability of rural workers; and iii) laws be advocated to protect rural workers and improve their work conditions (promotion of decent work).

Points for consideration

The Commission may wish to consider:

1. Further discussing the role forests and the forest sector play in sustainable rural development and in national development.
2. Analyzing the impact of sustainable rural development and national forest and forest sector development policies, namely, policies and strategies to improve rural and local infrastructure; to create value chains; to secure tenure rights over productive forest resources for family farmers, to ensure greater access to rural services and markets; to promote social protection and work opportunities for rural women and youth; and to enhance risk management and resilience.

¹ Understood as agriculture and livestock activities, forestry, fisheries and aquaculture.

3. Analyzing and agreeing on technological development and innovation initiatives aimed at enhancing the contribution of forests and the forest sector to sustainable rural and national development through improved sustainable forest management.
4. Analyzing the opportunities to have funding available to support producers in the start-up phase to organize themselves for livelihoods and participation in policy dialogue.