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Investing in rural people in **Cuba**

Rural Poverty in Cuba

Cuba is an upper middle-income country and one of the largest economies in Central America and the Caribbean. It has a population of 11.3 million, 23 per cent of which is rural (World Bank, 2013). Its nominal gross domestic product (GDP) is US\$77.2 billion and its GDP per capita is US\$6,833 (Economic Commission for Latin America and the Caribbean [ECLAC], 2013). However, due to the dual exchange rate system, these figures may not be entirely representative.

Cuba ranks relatively high in the 2014 United Nations Human Development Index, at 44 out of 187 countries. Cuba's socioeconomic indicators are above average for countries with similar economic growth levels and trends.

Approximately 19 per cent of the Cuban labour force – some 940,000 workers – is employed in agriculture. The agricultural sector has potential that is not being exploited, mainly due to undercapitalization and the need for technological innovation. Currently only 2.6 million out of 6.3 million hectares of cultivable land are in use (Oficina Nacional de Estadística e Información [ONEI]).

As a result, the country is currently importing around 80 per cent of its food requirements. The adverse effects of the country's impaired external economic relations have made imports of food, equipment and inputs substantially more



940,000 Cubans
are involved in
agriculture

difficult and expensive, aggravating the situation and raising the cost of food imports to around US\$2 billion per year.

Unless the agricultural sector improves yields and realizes more of its productive potential, the country will continue to require significant imports to satisfy its food needs.

Eradicating rural poverty in Cuba

Cuba's food and nutritional security policies and strategies have particularly targeted the most vulnerable. It is the only country in Latin America and the Caribbean that has eliminated severe infant malnutrition, and also has made major strides in fulfilling the Millennium Development Goal of eradicating extreme poverty and hunger.

Cuba's 2011-2015 Guidelines for Economic and Social Policy aim to update the economic model, reduce Government expenditure and increase the population's productivity and income. Achieving food security still remains one of the Government's strategic challenges.

The Guidelines include over 300 measures which span all sectors of the economy and allow private entrepreneurship and self-employment of professionals. Currently, around 500,000 people are working in small private businesses in approximately 200 areas of economic activity.

The recent changes in relations between Cuba and the United States, after last December's announcement of a process for normalizing relations between both countries, could accelerate the ongoing reform process in Cuba.

Some of the economic reforms have already had an impact on agriculture. The traditional centrally planned agricultural sector is giving way to support for non-governmental forms of management, promoting cooperatives and the gradual reduction of subsidies.

IFAD's strategy in Cuba

IFAD recently resumed operations in Cuba after more than 20 years. The official launch of the Cooperative Rural Development Project in the Oriental Region (PRODECOR) took place on 30 October 2014.

Given the challenges the agricultural sector faces, IFAD is in a position to serve as one of the country's strategic partners, contributing to the ongoing modernization process.

Cooperatives in Cuba are key actors in ensuring food security, as they represent 80 per cent of the country's agricultural production. The Government of Cuba has expressed interest in re-establishing the partnership with IFAD with a view to modernizing agriculture.

This will be achieved mainly through developing non-state smallholder farmer business cooperatives. In this respect, IFAD is well placed to provide technical assistance through its projects to increase the physical, human, social and environmental assets of cooperatives.

A great part of IFAD's commitment to develop Cuban agriculture will involve capacity-building activities, which will reinforce the cooperatives' institutional solidity, thus supporting them in sustainable production and business management.

Current operations

Cooperative Rural Development Project in the Oriental Region (PRODECOR)

The project covers 18 municipalities in 4 provinces in Cuba's Oriental region. It will directly benefit over 13,000 farming families (52,000 people), organized into 157 cooperatives. It is estimated that another 26,000 families (104,000 people) who do not belong to the cooperatives participating in the project will benefit indirectly. These indirect beneficiaries will have access to improved production and processing support services along with greater availability of agricultural inputs.

Young people will account for at least 15 per cent of direct beneficiaries; women, 10 per cent.

The project's objectives are to increase strategic crop production and productivity, mainly for maize and beans – two essential components of the Cuban diet – and to improve living conditions for the targeted households. The project comprises the following components:

- Strengthening smallholder cooperative organizations: the project will increase capacity for sustainable production, business management and institutional strengthening of cooperatives, as well as improve their physical assets. This will involve the use of innovative technologies and knowledge dissemination activities.
- Strengthening agricultural service providers: service supply to cooperatives and cooperative members, provided by governmental and non-governmental agricultural service providers, will be enhanced in order to respond to increased demand.
- Project organization and management: project implementation and financial and organizational efficiency will be a challenge, which will require a significant investment in capacity-building and training.

Cooperatives represent **80 per cent** of Cuba's agricultural production

The total project costs are US\$45.3 million, of which the breakdown is as follows: (i) an IFAD loan of US\$10.0 million and grant of US\$0.5 million; (ii) a loan of US\$27.0 million from the Spanish Food Security Cofinancing Facility Trust Fund, a financial tool administered by IFAD; and (iii) counterpart contributions from the Government of Cuba for an estimated US\$7.6 million.



Completed operations

Camalote Rural Development Project

IFAD approved this project, in Cuba's central Camagüey Province, in 1980 and began financing it the following year. It was part of an investment programme implemented by the Cuban Government, which benefited from international financial support and technical assistance. Its overall objective was to transform the agricultural production structure and raise living standards in rural Camalote township. It provided access to productivity-enhancing technologies for small-scale farmers, who were organized into cooperatives.



Building a poverty-free world

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided over US\$16.3 billion in grants and low-interest loans to projects that have reached about 438 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

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



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