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# Investing in rural people in **the Dominican Republic**

Over the past 25 years, the Dominican Republic has enjoyed one of the strongest growth rates in Latin America and the Caribbean. Recent growth has been driven by construction, manufacturing and tourism.

Despite its strong growth and macroeconomic stability, the country had not witnessed significant social improvements until very recently. In 2013, more than one third of the country's population lived in poverty and 2.3 per cent lived in extreme poverty. In rural areas, poor people constituted half of the population.

Agriculture is the fourth-largest economic sector in the country, employing 12.6 per cent of the economically active population in 2016. However, traditional agriculture has been declining since the early 1980s and extremely poor rural households increasingly depend on supplemental non-farm income for survival. The country's poor farmers have little land and their production is too low to enable them to maintain their families.

Additionally, lack of access to financial resources and outreach systems prevents farmers from adopting the technologies they need to improve their production and incomes. Natural disasters are also a recurring threat to the living conditions and incomes of the rural population.

However, during the last decade, the Dominican Republic has emerged as one of the world's foremost exporters of organic, quality and fair trade products. The Dominican Republic has about 14,000 organic growers, one of the largest organic sectors in Latin America. The challenge is to expand the conditions for small farmers to benefit from these market opportunities.



## Eradicating rural poverty in the Dominican Republic

According to the latest official poverty data, 56 per cent of the approximately 858,000 families living in rural municipalities are poor. The most vulnerable rural families are characterized by low income diversification and by their specialization in agricultural production; they include both small agricultural producers' families and landless families.

Poor rural people include women and men who are heads of households, small-scale farmers, landless farmers, microentrepreneurs, small merchants, agricultural workers and labourers for rural service operators. The poorest of the poor include Dominicans of Haitian origin living in the border areas. The United Nations Population Fund (2013) estimates that about half a million Haitian immigrants live in the Dominican Republic, some 7 per cent of the population. Most of them are young males, concentrated in the western part of the country and predominantly employed as agricultural labourers.

A significant number of agricultural producers and rural labourers face persistent obstacles in participating in the value generated in the agricultural sector. They remain affected by structural economic constraints and exposed to economic and environmental vulnerability factors.

Rural salaries have grown less than labour productivity and rural employment remains largely informal. Seventy-one per cent of agricultural units are smaller than 70 táreas (4.4 hectares) and 56 per cent of the land is not titled. Land fragmentation is aggravated by unsustainable natural resource use, while inadequate rotation and diversification are depleting soils, fomenting pests and diseases, and increasing the risk of losses.

Natural crises such as hurricanes and tropical storms are a recurring threat to rural zones and to the living conditions and incomes of the rural population. During crises, monetary poverty forces rural families to adopt short-term coping strategies, such as: (i) migration, with loss of human and social capital, disintegration of family structures and detachment of families from the territory; (ii) reduction in quality of diets and nutrition; (iii) sale of productive assets; and (iv) increasing private debt. These strategies prevent poor rural families from accumulating the material and non-material assets required to reduce their vulnerability to external shocks in the long term. Such families easily fall into poverty during crises, and recover slowly during periods of growth.

Women-headed families represent about 23 per cent of salaried families and 13 per cent of producers' families. The labour force participation rate for rural women (38.1 per cent) is considerably lower than for women in urban areas (49.5 per cent). Rural migration rates (internal and external, permanent or temporary) are generally high, but particularly so for women and young people.

In the last 15 years, growth in agricultural production and total factor productivity has been among the highest in the region. It is driven by dynamic sectors (such as fruit, vegetables and high-value markets, for example organic and fair trade for cocoa and banana), international trade, rising prices and a strong demand for fresh produce – for both tourism and local consumption. However, small producers still have a relevant role in traditional sectors such as coffee, rice and beans, which have shown lower growth in the same period. In collaboration with the government, IFAD and other partners contribute to farmers' diversification and to empowerment of their groups and institutions, with the aim of helping them develop new markets.

The Dominican Republic stands out as one of the **fastest-growing economies** in the Americas

# IFAD's strategy in the Dominican Republic

In the Dominican Republic, IFAD loans work to improve the well-being of the country's poor and extremely poor rural people by improving their income-earning capacity and to reduce the vulnerability of rural poor families.

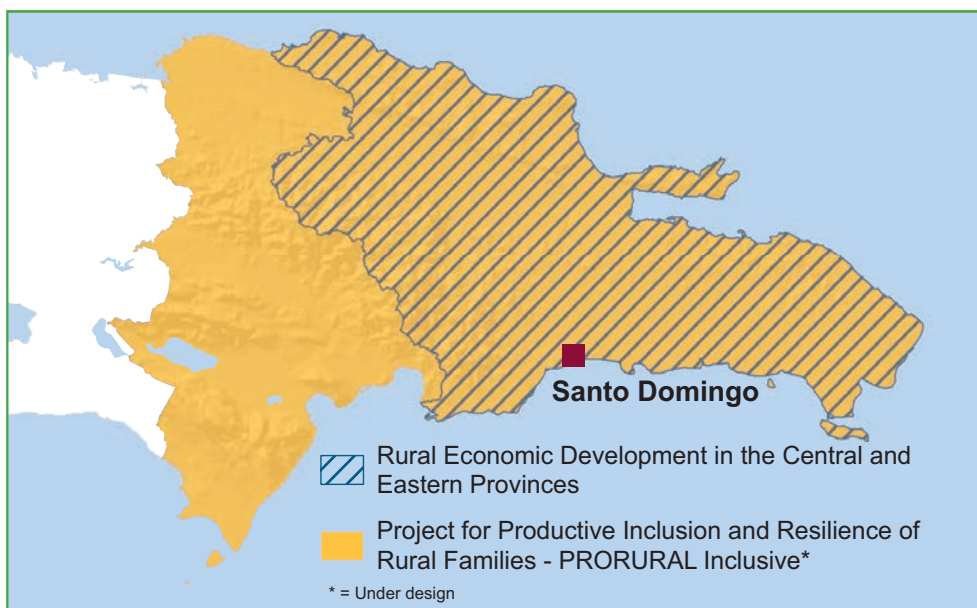
The aim is to empower rural people's organizations in order to improve poor people's living conditions and strengthen their socio-political role.

Key activities include:

- Expand organized small farmers' access to dynamic agrifood markets through inclusive and rewarding partnerships with the private sector
- Improve small farmers' access to market-driven and climate change-adapted farming practices and technology
- Increase human and social capital and develop off-farm small enterprise and employment opportunities of the rural poor, particularly women and young people, in the most dynamic sectors (e.g. tourism)
- Develop a strategy to identify target population's vulnerabilities and needs
- Identify challenges and opportunities for project investments through the active participation of organizations and institutions (public and private) with presence in selected territories, favouring investment planning and complementarities at the local level with national policy-driven programmes
- Use of appropriate instruments and methods (organizations and plans) and alliances (private sector and local and national capacities)

Activities are aimed at further consolidating efforts to promote gender equity and at helping poor rural people adapt to climate change.

## Ongoing operations



**Agriculture is the fourth-largest economic sector** in the country, employing 12.6 per cent of the economically active population

The Dominican Republic has emerged as one of the **world's foremost exporters of niche products** (organic, quality, fair trade)

## Rural Economic Development Project in the Central and Eastern Provinces

The project is implemented in 20 provinces in the country's central and eastern regions. Direct beneficiaries include 24,000 poor households of small-scale producers (19,000), and women, young people and landless campesinos (5,000).

The project's goal is to reduce levels of poverty and extreme poverty in rural areas of the Dominican Republic by increasing the incomes and assets of poor men, women and young people.

Specifically, it aims to:

- Promote and build the capacities of beneficiaries and their organizations
- Contribute to access by small-scale producer organizations to dynamic markets and value chains
- Improve the capitalization of small-scale farm producers, producer organizations and microentrepreneurs by facilitating sustainable access to financial markets

## Rural Families' Productive Inclusion and Resilience: PRORURAL Inclusivo

The project is designed to contribute to overcoming the persistence of vulnerability and monetary poverty among rural families, which is due to their frequent exposure to environmental emergencies and economic shocks whose negative impacts are amplified by climate change.

The project's goal is to contribute to reducing rural poverty by strengthening territorial planning and promoting income-generating activities and food and nutrition security for rural families. To achieve this goal, the project's development objective is to increase beneficiary families' resilience capacities and facilitate their inclusion into product and services markets, as well as labour markets. The project will complement government social policies with local-level interventions that identify and respond to the necessities for genuine income-generation and vulnerability reduction.

Target groups: IFAD investments will focus on 15,000 vulnerable rural families (corresponding to 27,000 people) belonging to two main typologies:

- Agricultural producers' families with little diversification, whose incomes mainly depend on small-scale agricultural production for markets or self-consumption
- Landless families with little diversification, whose incomes mainly depend on temporary or permanent agricultural employment

The project aims to scale up its models to the national level and includes three components:

**Component 1:** Investments for rural families' productive inclusion and resilience

**Component 2:** Inter-institutional policy dialogue

**Component 3:** Learning, knowledge and project management

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$18.5 billion in grants and low-interest loans to projects that have reached about 464 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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