

COPLA – Trade and poverty in Latin America: Rural value chains



Strategic aim:

The COPLA programme explores the linkages between trade, poverty and social exclusion in Latin America, with a focus on the different impacts of trade liberalisation on marginalised groups including women, youth, indigenous minorities or the rural poor.

Key messages and findings:

Rural poverty can be reduced through greater attention to integrating rural small and medium enterprises (SMEs) into national and international value chains. This study focussed on the wooden furniture and the Rural Community Tourism (RCT) sectors and found that specific policy interventions at both the local and national level in Nicaragua can facilitate these linkages.

Audiences:

- Local SMEs
- Local, national and regional policy-makers, in particular in the ministries of trade and environment
- International NGOs operating in these sectors in Nicaragua

Key challenges and recommendations:

- For the wooden furniture sector, the significant investment in machinery and equipment required often dissuades SMEs from entering the market, in particular if they are geographically isolated. Local governments are eager and well placed to support market access. Stricter enforcement of national logging regulations is also necessary to discourage black market activities.
- RCT can contribute significantly to poverty alleviation of rural areas through re-investing profits in public goods and infrastructure such as roads, schools, nurseries and health facilities. However, RCT projects – and even client flows – depend heavily on international NGOs. To ensure long-term sustainability, these projects must be managed as companies, not charities.

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