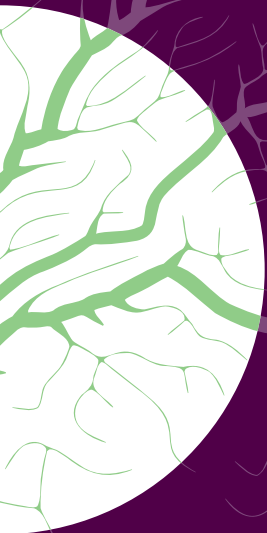


**Report
on Economic
Development**



Roots for the future

**A new rural landscape
in Latin America
and the Caribbean**

Executive Summary



**DEVELOPMENT BANK
OF LATIN AMERICA
AND THE CARIBBEAN**



**Latin
America and
the Caribbean**

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The role of rural areas in the development of Latin America and the Caribbean

The economic and social development of Latin America and the Caribbean (LAC) is closely linked to rural areas, where natural resources, food production, and a large share of the energy that sustains the region are concentrated. With around 120 million inhabitants, more than 18 million agricultural production units, 22% of the world's forest area, 50% of known biodiversity, and nearly 60% of global lithium resources, these territories constitute a strategic base for sustainable development and food security.¹ In recent decades, several primary sectors have recorded strong productivity gains, boosting output and positioning the region as a leader in international food and mineral markets, reinforcing the contribution of rural areas to regional development.

Rural areas also face some of the most persistent social, economic, and environmental lags in the region. Many of these challenges are particularly acute in these territories, limiting opportunities, well-being, and environmental sustainability. This dual reality—of opportunities and development lags—makes rural areas a priority for public policy. Closing these gaps is fundamental to transforming productive dynamism into sustainable and inclusive development.

This edition of CAF's Report on Economic Development (RED) is based on the premise that the development of rural areas and that of the region are inseparable processes. Achieving inclusive growth requires integrating rural territories into

national investment and innovation strategies and closing structural gaps with urban areas. The report therefore proposes a paradigm shift: moving beyond an exclusively agricultural focus and integrating agricultural modernization and economic diversification—including non-agricultural sectors—with a social dimension, while promoting comprehensive rural development.

From a productive perspective, rural territories are a fundamental source of strategic goods and services. They concentrate the agricultural sector, along with a wide range of activities related to energy, mining, fisheries, forestry, and tourism, which are gaining prominence in the context of the energy and environmental transition.

From a social perspective, rural areas are spaces of life, identity, and belonging for millions of people. Rural households are now more diverse than in the past, moving beyond the stereotype of the farmer or agricultural worker. They are also home to peasant and Indigenous communities that manage natural resources and preserve cultural heritage. The well-being of the rural population is constrained by deficits in infrastructure, connectivity, and essential services, as well as by the presence of illegal economies and organized crime.² Taken together, these factors increase the vulnerability of rural territories and restrict their development opportunities.

1 Population data are drawn from CELADE–ECLAC Population Division and UNDP (2024); data on agricultural production units from FAO (2025a); forest area and biodiversity data from FAO (2021); and lithium data from USGS (2024).

2 While these illegal activities are becoming increasingly relevant in rural territories and the report acknowledges their importance, a detailed analysis falls beyond its scope. For an up-to-date discussion, see Maloney et al. (2025).

The report examines the economic and demographic transformations of rural territories, the sources of income and employment of rural households, and persistent gaps in access to services. Based on this evidence, it argues that harnessing the potential of rural areas can play a significant role in the region's progress, provided that productive transformation goes hand in hand with greater social inclusion, environmental sustainability,³ and territorial cohesion.

This Executive Summary is structured around five blocks. The first two characterize the productive sectors of rural areas, identifying their potential and main challenges, and distinguishing between the agricultural sector and other strategic economic drivers of territorial development. The third block analyzes demographic dynamics and the living conditions of rural households. The fourth examines access to essential services. Finally, the document presents a policy roadmap aimed at advancing toward a more inclusive model of rural prosperity in the region.

³ Climate change is a cross-cutting challenge for primary sectors and has been analyzed in depth in previous editions of the RED focused on climate change and biodiversity, as well as on the energy transition. This report complements those analyses by focusing on rural productive activities and their contribution to development. Climate impacts are addressed only insofar as they shape these dynamics.

The agricultural sector in the region's productive development

Historically, the agricultural sector has played a central role in the economic development of LAC (Byerlee et al., 2008). Its importance goes beyond primary production: it articulates a broad network of backward and forward linkages (inputs, transport, industrial processing, and services) and constitutes the foundation of the region's exports, its food security, and a significant share of rural employment. Although its relative weight in gross domestic product and employment has declined, its structural role remains central. Consequently, the modernization of agriculture is essential to drive sustainable productive transitions, increase the region's resilience to climate change, and maintain the sector as a strategic pillar of development.

Over the past seven decades, Latin America has undergone a profound transformation in the composition of its production and employment, in line with the process of structural change that characterizes developing economies. In the

mid-twentieth century, the agricultural sector accounted for nearly 12% of value added and more than 50% of regional employment. Today, it represents, on average, 6% of GDP—a figure that rises to nearly 10% when the agro-industrial sector is included—and around 15% of total employment.⁴

This relative decline, however, does not imply a loss of relevance. On the contrary, agriculture continues to be a central component of national economies and a pillar of the region's international integration. In recent decades, Latin America and the Caribbean has consolidated its position as a net exporter of food, with a sizeable agricultural trade surplus. In 2023, agricultural and agro-industrial products accounted for around 22% of regional exports, compared to a global average of close to 8%, and the region contributed approximately 21% of global agricultural exports, consolidating its role as one of the world's leading food suppliers.⁵

Productive structure and management arrangements: Diversity of scales, systems, and production models

The productive structure of the agricultural sector in LAC is highly diverse. The region is home to farms of very different scales, engaged in agricultural and livestock activities under a wide range of technological

models and management arrangements—from large, highly mechanized production units to small-scale family farming systems oriented toward subsistence or local markets.

4 Authors' calculations using the 10-Sector Database from the Economic Transformation Database (RUG) (Kruse et al., 2022).

5 Authors' calculations based on UNCTAD (2025a). In 1995, when the data series begins, food exports accounted for 15% of the region's total exports and 13% of global food exports.

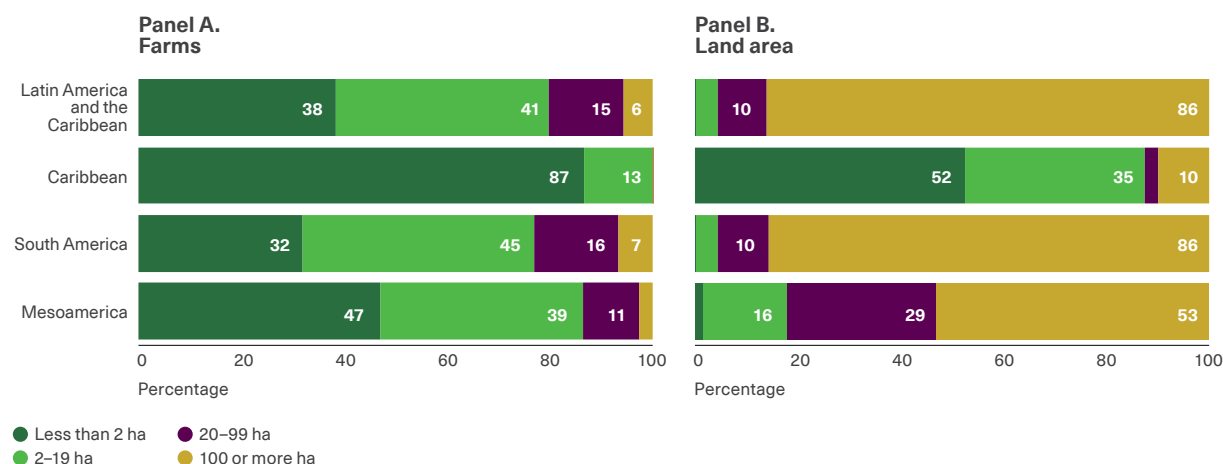
The agricultural sector is also highly diverse globally in terms of organization and production, and LAC occupies an intermediate position along this spectrum. Worldwide, more than 70% of farms have less than 2 hectares. In the region, the share of this group of units is high, although lower than in Africa or Asia and the Pacific, while larger farms—those exceeding 20 hectares—carry relatively greater weight. Behind this average, however, lie stark contrasts: the Caribbean is the subregion with the highest proportion of farms with less than 2 hectares, while South America shows the lowest (panel A of Graph 1).

Even in regions where small units predominate, a large share of the total land area is concentrated in large farms of more than 100 ha (panel B of Graph 1). Only in the Caribbean is a more balanced distribution across different scales observed. Part of the differences in average farm size can be explained by productive specialization, since each type of crop or livestock activity requires different operating scales.

The data show, however, that even within the same activity there are marked disparities in farm size across countries. A positive relationship is observed between agricultural value added per worker and the average size of farms, both in crop production and livestock. Differences in size are particularly pronounced for grains, oilseeds, and livestock, and more limited for fruit crops, cocoa, or coffee. In general, Southern Cone countries have larger-scale units, and this difference is not explained solely by the predominant type of activity but appears systematically across most sectors.

In lower-income countries, production is characterized by a greater presence of family farming, particularly subsistence farming, which is associated with a distribution of farms more heavily concentrated in small-scale units. Family farming is widespread throughout the region and represents, in countries with available data, more than 75% of farms and, in most cases, over 98%. Countries with a lower relative participation of this type of agriculture include Argentina, Brazil, and Uruguay—where agricultural sectors are highly developed and land endowments are large—as well as Costa Rica.

Graph 1
Distribution of farms and total land area by farm size



Note: Values correspond to the most recent year with available information for each country in the last two rounds of the World Census of Agriculture (2010 and 2020).

Source: Authors based on FAO (2025a).

Is the region fully harnessing its natural resource endowment?

Several analyses in this report converge on a single conclusion: LAC has a favorable natural resource endowment for agricultural activities, but has yet to fully harness it. Significant differences persist across countries, as well as across regions and sectors within countries, and the evidence shows that the sector still has substantial scope to increase productivity.

Progress in this direction requires not only increasing the use of resources employed in

production—particularly capital and intermediate inputs such as fertilizers and irrigation systems—but also improving their efficiency and strengthening the generation and adoption of technological innovations. The pursuit of greater productive efficiency is especially relevant in a global context in which it is essential to reconcile agricultural development with environmental sustainability objectives, as well as climate change mitigation and adaptation.

Observed versus potential agricultural yields

Land is a central factor in agricultural production. The geographic conditions of each country and its endowment of this resource largely determine its productive capacity. Adamopoulos (2025) estimates the potential yields of land currently devoted to agricultural production in different parts of the world. Using agronomic models and assuming the application of a uniform level of technology, the author calculates the agricultural output per hectare that could be achieved in each region.

The results indicate that, under a low-investment (rainfed) scenario, with basic capital and labor

inputs, the average potential yield in LAC would be approximately 20% higher than in high-income countries. This highlights the region's comparative advantages in terms of natural resource endowments and agroecological diversity.

However, observed yields tell a different story: average agricultural output per hectare in LAC stands at around 20% below the level observed in high-income countries. The region could achieve higher yields, but has not been able to realize that potential.

Productivity, factor endowments, and efficiency in the use of inputs

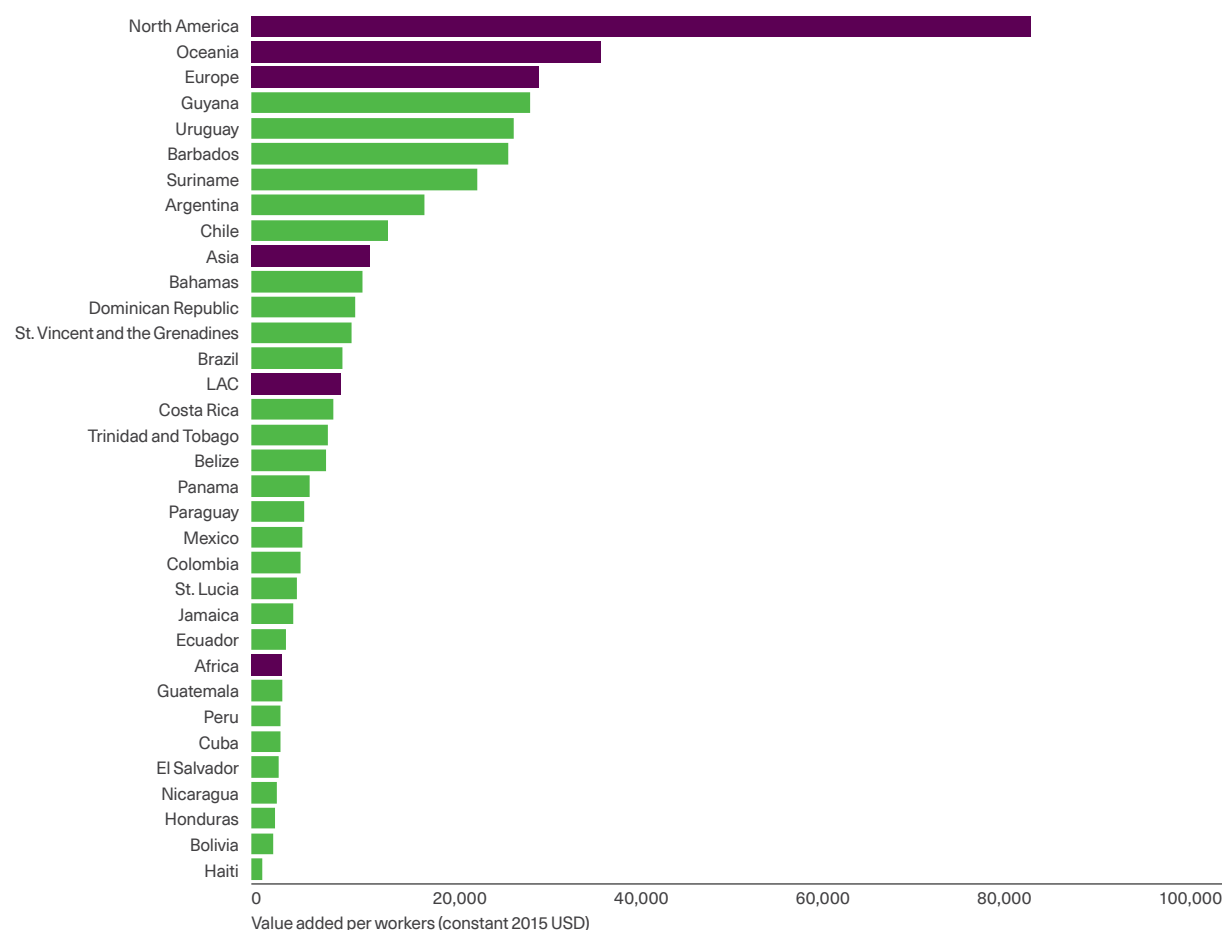
The differences between potential and observed yields reveal productivity gaps associated both with the quantity of available factors and with the efficiency with which they are used. Analyzing these differences makes it possible to assess the structural lag of the agricultural sector relative to more developed economies.

Labor productivity metrics, defined as value added per worker, illustrate this challenge (Graph 2). On

average, agricultural value added per worker in LAC amounts to just 12% of the level observed in the United States, 31% of that in Europe, 26% of that in Oceania, and 76% of that in Asia. The graph shows that, to varying degrees, all LAC countries exhibit productivity gaps relative to these other regions of the world, highlighting the scope for further development of agricultural production in the region.

Graph 2

Labor productivity in the agricultural sector, average 2014–2023



Note: Bars represent the average value added per worker for the years 2014–2023, in constant 2015 U.S. dollars. Violet bars show regional averages, while green bars show values for LAC countries.

Source: Authors based on FAO (2025b, 2025c).

Labor productivity gaps between LAC and other regions can be attributed to lower endowments per worker of other factors of production, such as land and capital, and to lower use of intermediate inputs, but also to differences in the efficiency with which these factors are combined, as reflected in total factor productivity (TFP). This indicator captures effects of various kinds: technological progress, innovation, work organization, infrastructure, institutional quality, scale of operation, and the allocation of resources across production units.

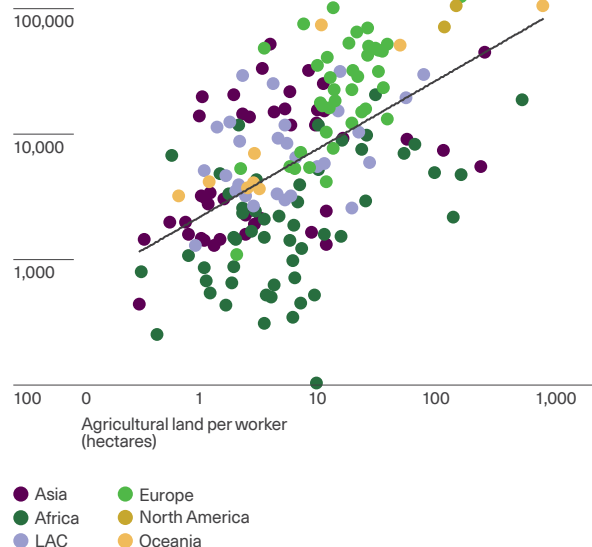
Analyses conducted for this report indicate that this productivity gap is the result of multiple factors. Among them is the amount of land and capital per worker, which is positively associated with workers' productivity (panels A and B of Graph 3). In effect, LAC shows, on average, low levels in both dimensions. An agricultural worker in the region has access, on average, to about 14 hectares (ha), equivalent to 9% of the land per worker in the United States and around 20% in the OECD, while capital per worker is only 5% of the level observed in the United States and 6% in the OECD.

Graph 3

Factor endowments and labor productivity in agriculture, average 2014–2023

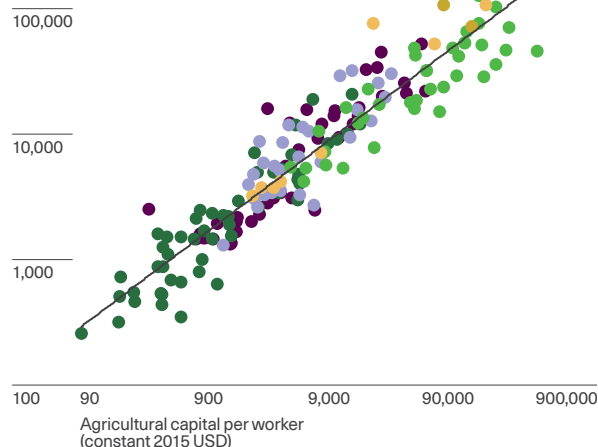
Panel A. Land per worker

Value added per worker
(constant 2015 USD)



Panel B. Capital per worker

Value added per worker
(constant 2015 USD)



Source: Authors based on FAO (2025b, 2025c, 2025d, 2025e).

Evolution of agricultural production and productivity

Although agricultural productivity in LAC continues to lag behind that of more advanced economies, production growth has been remarkable. Over the past six decades, the value of agricultural production in the region has increased fivefold, equivalent to an average annual growth rate of 2.8%, exceeding the global average. As a result, the region's share of global agricultural production rose from 9% in 1961 to 12% in 2022.⁶

Growth was highly heterogeneous across countries. In Brazil, production increased eightfold; in Mesoamerica and the Andean Group,⁷ by factors of 5.5 and 5.8, respectively; in the Southern Cone, by 3.7; and in the Caribbean, by 1.9. At the national level, in addition to Brazil, notable cases include Guatemala, Bolivia, Belize, and Costa Rica, where agricultural production expanded between seven- and ninefold.

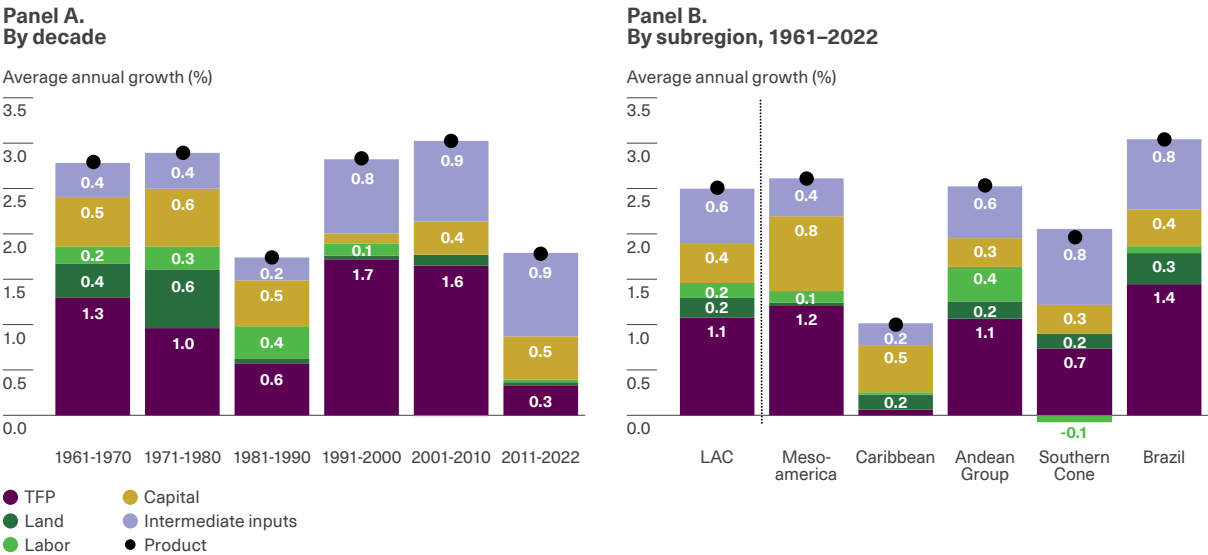
⁶ These figures are derived from data from the United States Department of Agriculture (USDA), which include the total value of crop, livestock, and aquaculture production, calculated using constant 2015 world agricultural prices, expressed in thousands of purchasing power parity (PPP) dollars.

⁷ This category includes Bolivia, Colombia, Ecuador, Peru, and Venezuela, and excludes Andean countries that are part of the Southern Cone (Chile and Argentina).

This progress was underpinned by a process of modernization that combined expanded input use and technological improvements, at different paces across periods. As shown in panel A of Graph 4, between 1960 and 1990 production growth was driven primarily by the expansion of the agricultural frontier (land) and increased use of inputs (labor, capital, and intermediate inputs⁸). From the 1990s onward, the engine of growth began to shift toward TFP, driven by innovations in biotechnology, mechanization, and management, until 2010, when the contribution of TFP declined again.

Panel B of Graph 4 presents the results for the LAC average and by subregion over the 1961–2022 period. In the Caribbean, the contribution of TFP was marginal: growth was explained mainly by capital (53%), followed by intermediate inputs (23%) and land expansion (17%). In the Southern Cone, intermediate inputs were the main driver (42%), although TFP also made a significant contribution (38%). In Mesoamerica, capital accumulation accounted for nearly one-third of growth, doubling the contribution of intermediate inputs, while TFP represented 46%. In the Andean Group, the role of labor stands out, with a contribution of 15%, higher than that of capital (12%).

Graph 4
Growth accounting of agricultural output in Latin America and the Caribbean, 1961–2022



Source: Authors based on USDA (2025).

8 These are inputs used in production, such as fertilizers and feed.

Strategic non-agricultural sectors: New drivers of rural development

LAC's natural wealth offers comparative advantages not only for agriculture, but also for other sectors that are important for rural areas. On the one hand, the region has abundant reserves of critical minerals for the energy transition, hydrocarbon reserves, and vast potential for the generation of low-carbon fuels

at competitive prices. On the other hand, forestry, fisheries, aquaculture, and tourism are sectors that make it possible to diversify sources of rural income, generate local employment, and strengthen rural food security.

Strategic sectors for the energy transition

Rural areas in LAC occupy a strategic position in the context of the global energy transition, owing to their abundance of natural resources, such as critical minerals, and favorable conditions for the production of low-carbon fuels, including green and blue hydrogen and biofuels. Countries in the region can leverage the reconfiguration of energy markets

to promote the sustainable development of the mining and energy industries. At the same time, this opportunity for integration into global markets could help diversify the incomes of rural populations, even if their direct contribution to employment is limited, and channel the rents derived from these activities to improve living conditions.

Strategic resources for the energy transition

As the energy transition advances worldwide, demand for non-conventional renewable energy sources and alternatives to traditionally polluting technologies increases. Consequently, demand is rising for critical minerals required to manufacture inputs used in, for example, solar panels, batteries, and electrical systems. Some LAC countries are

already global leaders in the extraction, export, and reserves of several of these minerals. Chile, Mexico, and Peru account for 45% of global copper production, while the so-called Lithium Triangle—formed by Chile, Argentina, and Bolivia—concentrates more than 60% of the world's lithium resources (IEA, 2025; Valencia et al., 2025).

In addition to critical minerals, LAC has vast hydrocarbon resources. Venezuela holds the world's largest proven oil reserves, representing 17% of global reserves (IEA, 2023b). However, the progressive decarbonization of the global energy system requires diversification of the productive matrix and preparation of oil-dependent economies to face scenarios of lower demand. In this context, natural gas—also abundant in the region—emerges as a transition resource due to its lower emissions intensity and its role in the production of blue hydrogen.

Biofuels and green hydrogen constitute alternatives for sectors that are difficult to electrify,

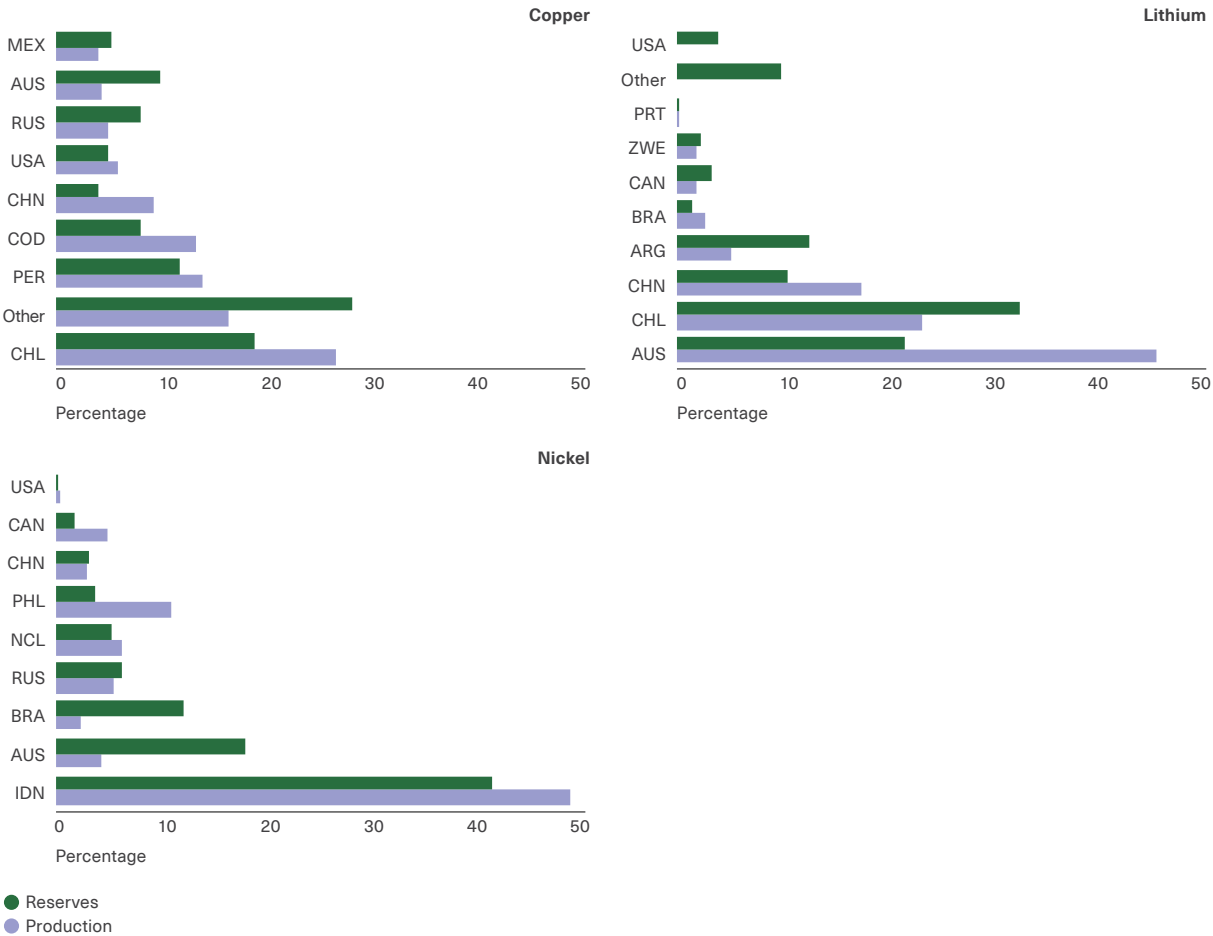
such as heavy transport and industry. LAC also has comparative advantages in these areas. On the one hand, as a predominantly agricultural region, there is significant potential for biofuel production using waste and residues generated by agricultural activity. On the other hand, the region has ample access to freshwater (FAO, 2025f) and areas with strong capacity for electricity generation from non-conventional renewable sources (World Bank et al., 2025a, 2025b), which are essential inputs for the efficient production of green hydrogen. As a result, LAC is positioned as the region with the lowest projected costs of green hydrogen production worldwide (IEA, 2024).

The importance of extractive sectors for LAC

Extractive sectors play a strategic role in some LAC economies. On average, they account for 4% of regional GDP, although their importance varies considerably across countries. Critical mineral reserves and production are particularly relevant for the Andean countries and, to some extent, Brazil (Graph 5), while hydrocarbons dominate in countries in northern South America, such as Venezuela and Guyana. In Central America and the Caribbean, the scale is significantly smaller. These subregions also have relevant mineral resources—such as gold, bauxite, or copper—that generate foreign exchange and economic activity.

Extractive sectors also constitute a key source of national and subnational fiscal revenues, contributing to the financing of public policies and local development projects. In mining, these revenues can exceed 2% of GDP, as in the case of Chile in 2023, while in oil and gas they reach close to 10% in that same year in countries such as Ecuador (7.6%) or Trinidad and Tobago (11.6%). Nevertheless, their contribution to employment is very low—below 2% in most countries—reflecting their high capital intensity. With regard to exports, as shown in Graph 6, traditional hydrocarbons carry substantial weight in countries such as Guyana and Venezuela, while in the case of mining, Chile stands out, with mineral products accounting for 20% of its total exports.

Graph 5
 Shares of global copper, lithium and nickel production and reserves, 2023



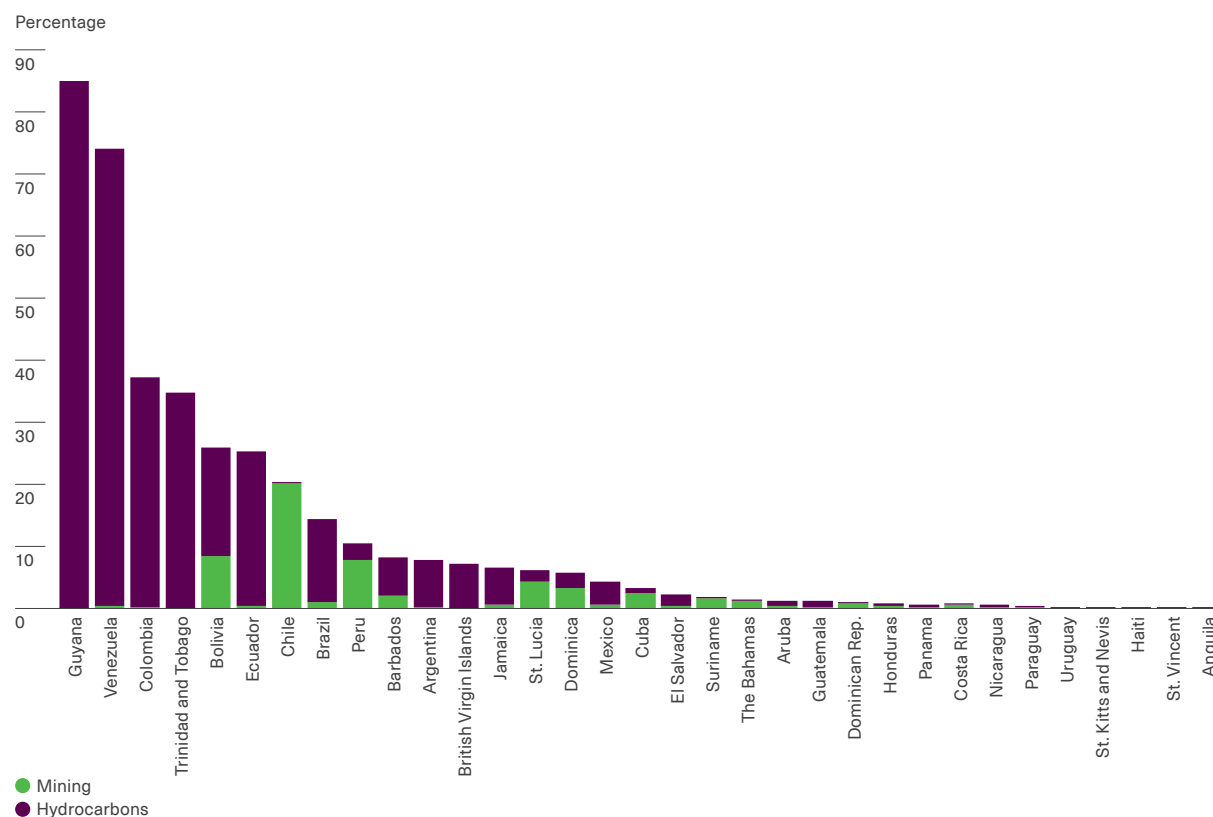
Note: Reserve data does not include Bolivia. This country has been identified as the one with the largest lithium resources in the world, but these are not yet considered exploitable for economic, technical, or legal reasons (USGS, 2024).
Source: Authors based on Ritchie and Rosado (2024).

Significant heterogeneities persist within the mining sector. Large-scale mining, dominated by major corporations, offers higher wages and better working conditions but employs relatively few workers. By contrast, artisanal and small-scale mining generates proportionally more employment, though often under precarious, informal, and, in many cases, unsafe conditions. Women hold only about 10% of mining jobs, although their participation has increased gradually, driven

by gender equity policies and technological modernization, which has improved working conditions and reduced the physical demands of certain tasks. Nonetheless, women in the sector continue to face persistent cultural barriers, discrimination, and pronounced income inequality, particularly in artisanal mining, where conditions are more adverse.

Graph 6

Share of mining and hydrocarbons in exports, 2023



Source: Authors based on UNCTAD (2025b).

Critical minerals: governance, sustainability, and a long-term perspective

According to the IEA (2025), demand for lithium could increase by a factor of 5 by 2040, while copper will continue to be the most demanded of the critical minerals. However, seizing the opportunities arising from the growing demand for these minerals faces two main challenges. On the one hand, it is necessary to ensure the sustainability of mining activities. LAC is the region with the highest number of reported environmental, social, and governance impacts affecting local communities (IEA, 2023a), as evidenced by the proliferation of mining-related conflicts in Chile, Peru, and Bolivia (Lagos et al.,

2022). On the other hand, it is essential to ensure legal and regulatory frameworks, as well as political and macroeconomic stability, that make it possible to carry out long-term projects requiring large upfront investments. Brine-based lithium projects are a case in point: this process is highly capital-intensive, with initial costs ranging between USD 300 million and USD 900 million and estimated timelines of 5 to 12 years.

Development of the lithium value chain

While LAC has positioned itself as a central player in lithium production thanks to the abundance of brine reserves, the global landscape is changing rapidly. The discovery of hard-rock reserves⁹ in other economies and the acceleration of production in those deposits are eroding LAC's dominance and diversifying global lithium supply.

To avoid losing ground in these markets, LAC needs to move up the lithium value chain, particularly in refining and battery production (ECLAC, 2023; López et al., 2019). The refining industry has shorter development timelines and generates more employment and value added than extraction alone. Additional investments could

open up opportunities for growth and economic diversification through the development of local processing capabilities and the production of components for clean energy technologies (IEA, 2023a). Countries in the region, such as Chile, have already made progress in this direction by financing research and development linked to lithium industrialization (ECLAC, 2023). The challenges that must be addressed to develop refining and transformation activities for critical minerals include limited access to technology and specialized skills, lack of cost competitiveness, the location of demand, and market entry barriers for new participants (IEA, 2023a).

Low-carbon fuels

Low-carbon fuels represent another strategic pillar for the region, with hydrogen (green and blue) and biofuels standing out. Green hydrogen, produced through water electrolysis using renewable energy, is emerging as a key option for decarbonizing transport and heavy industry. Latin America has exceptional conditions for its production thanks to its availability of freshwater and renewable electricity generation potential. It is estimated that the region could meet up to 50% of global demand under net-zero emissions scenarios by 2050 (IEA, 2024). However, its deployment depends on significant investments, appropriate water regulation, and access to financing. Blue hydrogen, produced primarily from natural gas with carbon capture, emerges as an alternative for regions with large reserves of this hydrocarbon.

Hydrogen and its derivatives, such as ammonia and methanol, are attractive as versatile energy carriers that can be used as aviation, maritime, or land-based fuels, as well as for heat generation in industrial processes that are difficult to

decarbonize, such as steel and cement production. They also enable energy storage, although their handling and transport pose technological challenges.

In parallel, biofuels remain a cornerstone of the energy transition. Brazil leads regional production, accounting for 20% of global ethanol output and demonstrating how public policy can drive the large-scale adoption of renewable fuels. Other countries, such as Argentina and Colombia, have advanced through mandatory blending policies for ethanol and biodiesel. The use of agricultural residues to generate biogas or biomethane represents an additional opportunity to diversify rural incomes and reduce emissions.

The potential of biofuels, such as biogas and biomethane, is significant, as they can directly substitute for fossil fuels in transport, generate electricity and heat, be injected into natural gas grids, and be produced by harnessing agricultural residues—strengthening local value chains and

⁹ Lithium extraction from hard-rock deposits uses conventional mining techniques and typically entails significantly lower costs and shorter development timelines than brine-based extraction. Most of LAC's lithium reserves are located in brines.

generating new rural incomes. However, their development faces constraints related to access to financing, the technical capacity of credit institutions to assess clean energy projects,

and the lack of reliable data, which hampers transparency and the access to credit needed for their expansion.

The contribution of the energy transition to local development

The energy transition can generate direct impacts on rural well-being. The expansion of distributed renewable energy—such as residential solar panels—makes it possible to electrify isolated communities without requiring large investments in grid infrastructure and helps explain, in part, the growth in access to electricity among rural households in LAC. This supports energy inclusion, agricultural productivity, and rural education, among other benefits. At the same time, replacing biomass with natural gas or electric appliances for cooking and heating reduces indoor air pollution, improving public health (Allub et al., 2024).

Extractive sectors, while low in labor intensity, offer better-paid jobs than the rural average. However, local benefits depend on firms' ability to integrate into local economies and on the effectiveness of redistribution mechanisms, such as royalties and development funds. Experiences in Peru and Colombia show that transfers can stimulate public investment and reduce rural poverty when accompanied by strong institutions and transparency mechanisms.

Productive diversification and rural development

LAC's natural endowment supports a wide range of productive activities linked to its natural resources, including forestry, fisheries, aquaculture, and

tourism. These activities sustain livelihoods, generate income, and provide food for local populations.

Forestry sector

Traditional forestry activities that predominate in rural areas of LAC are divided into timber-based activities—which include silviculture and timber harvesting, wood manufacturing, and pulp and paper—and non-timber activities, which encompass products such as resins, fruits, rubber, and aromatic plants. Taken together, the sector contributes around 0.8% of regional GDP and accounts for 0.9% of total employment. It is characterized by a high level of informality (approximately 77% of employment in the sector)

and low female participation (less than one-quarter of total employment). Forest conservation has fostered new nature-based businesses that sustainably leverage forest resources and ecosystem services to generate income, such as carbon credits. Forest conservation also provides benefits for agriculture, including water regulation, erosion control, pollination, and soil fertility.

LAC has nearly 935 million hectares of forest, equivalent to 22% of the world's forest area, of which 98% consists of primary or naturally regenerated forests (FAO, 2024a). The region has experienced the highest global growth in forest plantations (195% between 1990 and 2022), with 22.5 million hectares planted, concentrated in Argentina, Brazil, Chile, and Uruguay. This

expansion is supported by high productivity: yields for species such as eucalyptus and pine far exceed those in European or North American countries, with internal rates of return ranging between 12% and 22%. These results reflect the region's comparative advantage and its potential to meet the projected 37% growth in global demand for sustainable forest products by 2050.

Fisheries and aquaculture

Fisheries and aquaculture are essential for food security, employment, and the resilience of coastal and riverine communities. Regional aquaculture is a dynamic sector: its share of global production rose from 2.6% in 2000 to 4.6% in 2022, the highest growth rate worldwide (FAO, 2024b).

Argentina, Chile, Ecuador, Mexico, and Peru account for 90% of the value and volume of fisheries and aquaculture exports from the region. Chile and Ecuador lead exports of salmon, trout, mussels, and shrimp, while Peru maintains a dominant position in fishmeal and fish oil. In Central America and the Caribbean, production is oriented mainly toward domestic markets, but exports of high-value products—such as salmon, shrimp, prawns, or tuna—represent a significant source of foreign exchange.

The sector employs more than two million people directly, with a similar or larger number working in related activities such as processing, transport, and marketing. Women account for between 40% and 90% of post-harvest employment, underscoring the sector's central role in women's economic inclusion. Artisanal fisheries make up

90% of production units and generate 40% of total output, providing predominantly rural employment carried out by families or local cooperatives. Beyond its economic importance, artisanal fishing preserves traditional ecological knowledge and ancestral practices. In addition to generating income for fishing communities, fisheries and aquaculture products provide food of high nutritional value.

Per capita consumption of aquatic animals in LAC is among the lowest in the world, close to levels observed in Africa, with the exception of a few countries with strong fishing-based culinary traditions, such as Peru. Expanding domestic demand therefore represents another source of opportunity for the sector.

Overexploitation and illegal, unreported, and unregulated (IUU) fishing constitute the main challenges facing the fisheries sector. In the South Pacific, only one-third of marine stocks are within sustainable levels—the lowest among all subregions. Economic losses to the region from illegal fishing exceed USD 2.3 billion annually.

Tourism

Tourism is a dynamic sector with significant potential for the economic diversification of rural and coastal territories. Its weight in LAC is heterogeneous: in Caribbean countries it can exceed 20% of GDP, while in continental countries

it accounts for a smaller share, but with substantial potential local impact. Sustained growth in demand for nature-based and cultural tourism makes the sector even more relevant for rural areas, opening up opportunities such as community-based rural

tourism, which links environmental conservation with job creation and the strengthening of social cohesion.

The region has abundant natural resources, rich biodiversity, and a vast cultural heritage, making it particularly attractive for nature-based and cultural tourism. Countries such as Costa Rica stand out as successful ecotourism models, combining conservation policies with economic development through instruments such as payments for ecosystem services and the strengthening of protected areas. Various rural tourism programs in Bolivia, Ecuador, Mexico, and Peru have shown that community-based tourism can generate complementary income, especially for women and young people, and improve perceptions of the value of natural resources. These initiatives also promote cultural revitalization and the strengthening of local governance.

Rural population and households in transition

Rural areas in LAC are undergoing an accelerated demographic and territorial transformation. Their relative weight in the total population is declining and, in many countries, their absolute size is also shrinking. At the same time, areas that were previously rural are losing that status as a result of population growth and increasing density. The demographic

transition—marked by declining fertility and population aging—is reshaping age structures and reconfiguring household needs, while traditional outward migration flows have weakened and now coexist with movements toward rural areas. The report documents these processes from a long-term perspective, updating and expanding the available evidence.¹⁰

The rural population

The rural population of LAC in 2025 is estimated at around 120 million people according to current national definitions (CELADE–ECLAC Population Division and UNDP, 2024). Its relative share has declined steadily, falling from more than 50% of the total population in 1950 to about 18% today. Projections indicate that this share will continue to decline in the coming decades (panel A of Graph 7). However, when the degree of urbanization methodology (DEGURBA) — which

applies homogeneous parameters across countries — is used, the rural population amounts to approximately 100 million people (15% of the total), a figure somewhat lower than that derived from official statistics (Schiavina et al., 2023). According to this criterion, half of the population lives in rural villages (small settlements with some degree of density), while the other half is located in dispersed or largely uninhabited areas.¹¹

Demographic transition

The demographic transition is advancing rapidly in rural areas. Although the magnitude and pace at which the share of the rural population is declining

differ across countries, demographic trends in rural areas follow similar patterns throughout the region. In 1950, the population pyramid displayed a wide

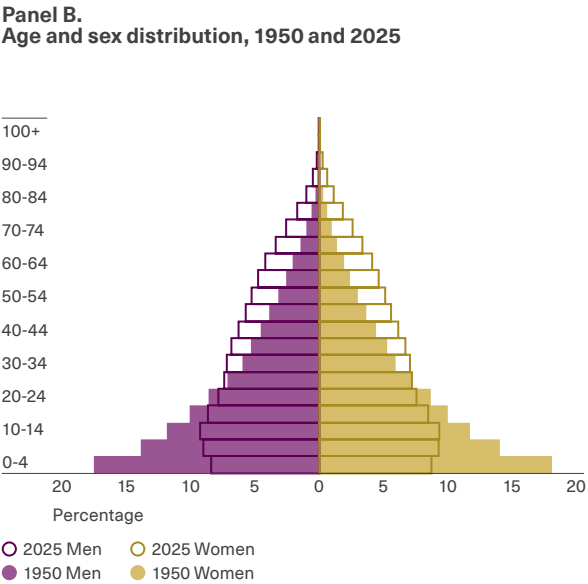
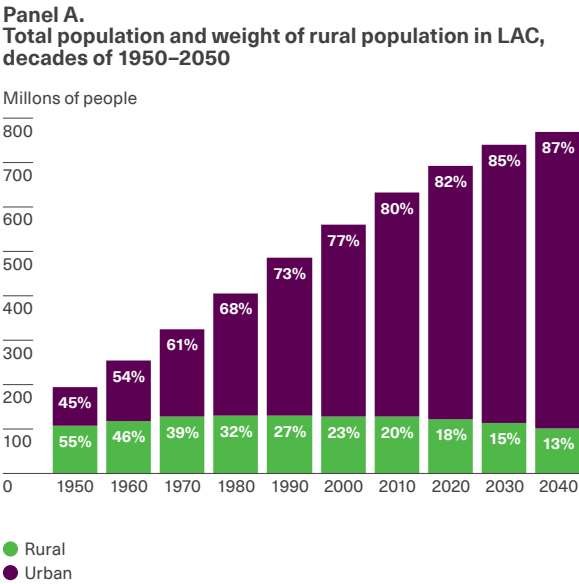
10 Traditional sources, such as population projections from CELADE–ECLAC Population Division and UNDP (2024), are complemented by the authors' own processing of census data (1970–2020), the Internal Migration in Latin America and the Caribbean (MIALC) database (CELADE–ECLAC Population Division, n.d.), and harmonized household survey indicators from CEDLAS (2025) for socioeconomic monitoring over the period 2003–2023, covering a total of 22 countries. Where data availability allows, the analysis goes beyond the traditional rural–urban dichotomy by incorporating an approach based on the rural–urban continuum, using DEGURBA methodology (European Commission et al., 2024).

11 The DEGURBA classification distinguishes three territorial categories: cities, towns and suburbs, and rural areas. Within the latter, a distinction is usually made between rural villages and scattered or largely uninhabited rural areas.

base, reflecting high fertility rates, and a progressive narrowing at older ages, associated with lower life expectancy. By contrast, the current population pyramid shows a narrower base and a higher

proportion of people in adult age groups (panel B of Graph 7). These patterns are, in turn, similar to those observed in urban areas.

Graph 7
Rural population in Latin America and the Caribbean



Note: Panel B shows a simple average calculated using data from 20 countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Uruguay, and Venezuela).
Source: Authors based on UNDESA (2019) and CELADE–ECLAC Population Division and UNDP (2024).

Fertility

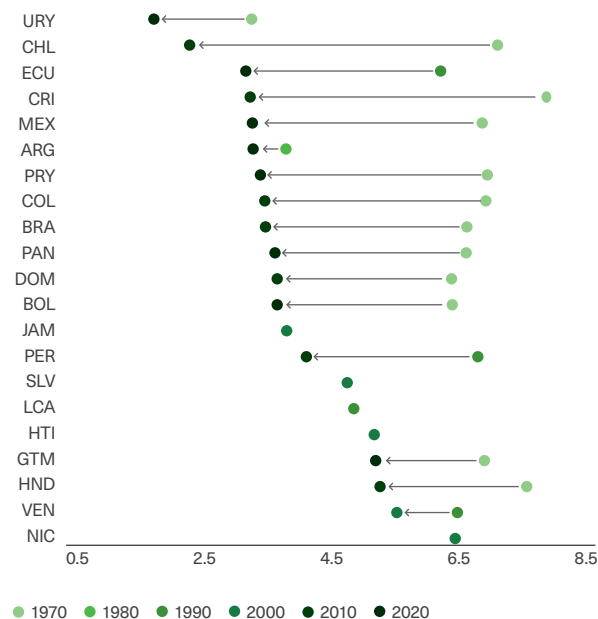
Historically, fertility rates have been higher in rural areas than in urban ones. In the 1970s and 1980s, rural women aged 45–49 had, on average, between six and eight children, except in Argentina and Uruguay (four and three, respectively) (panel A of Graph 8). Fertility declined gradually across all countries. Among rural women in the same age group in the 2010s and 2020s, the number of children ranged between three and five, with the exception of Uruguay (two children). As a result of these trends, fertility gaps between rural and urban areas have gradually narrowed.

Adolescent pregnancy constitutes one of the most persistent challenges in the region and was even on the rise in the final decades of the twentieth century, although the trend appears to have shifted in recent years. Between 10% and 34% of rural women aged 15–19 in the 1970s and 1980s had already become mothers (panel B of Graph 8). This share began to decline consistently across all countries from the early 2000s onward, and in some cases at a faster pace over the past decade. In the 2010s and 2020s, values ranged between 2% and 23%.

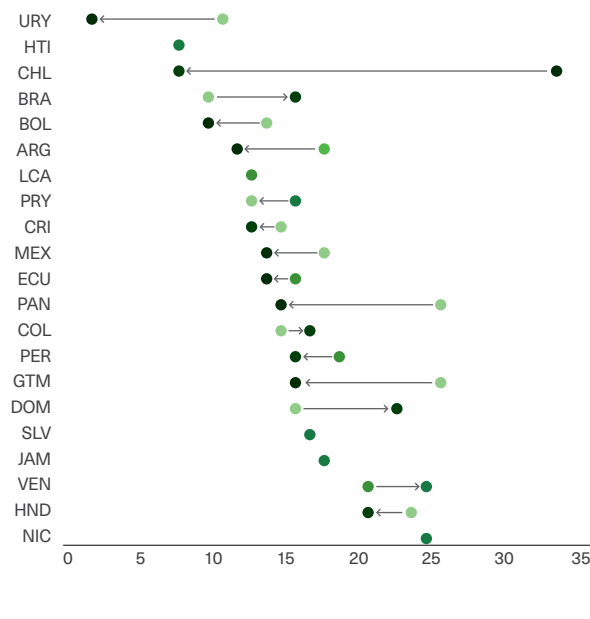
Graph 8

Number of children per woman and adolescent motherhood in rural areas of Latin American and Caribbean countries, 1970s-2020s

Panel A.
Children per woman aged 45–49



Panel B.
Percentage of women aged 15–19 with children



Note: The reported data comes from the first and last available population censuses with information on the average number of live births per woman, for each country, between the 1970s and 2020s.

Source: Authors based on census data processed by Barnes and de la Mata (2025).

Age and ethnic composition of the rural population

Population aging is becoming increasingly pronounced in rural areas. The share of people aged 65 and over has already reached levels similar to those observed in urban areas, at around 10%, and continues to rise. While aging is a generalized phenomenon across the region, its impact may be more acute in rural settings, where it poses specific challenges for the provision of health and care services.

Another enduring characteristic of the rural population is the overrepresentation of Indigenous peoples, a pattern that is not systematically observed for Afro-descendant populations. In particular, as the degree of rurality of municipalities—or equivalent subnational administrative units—increases, so does the share of the Indigenous population.

Migration patterns

Migration remains a central component of rural demographic change in LAC, but its dynamics have shifted markedly. The historically dominant flow from rural areas to large cities has lost intensity, giving way to more diverse forms of mobility, including return migration, circular migration, and movements toward intermediate municipalities. Although differences across countries persist, most show a slowdown in rural out-migration rates, both in absolute and relative terms.¹²

According to the most recent data, countries such as Brazil, Chile, Colombia, and Peru record the highest levels of rural emigration (measured as the number of people leaving relative to the rural population of origin), with rates in some cases reaching or exceeding 2% of the total rural population per year. At the other end of the spectrum, countries such as Cuba, El Salvador, and Mexico display more moderate emigration rates, at around 1% per year, likely because their migration peaks occurred earlier and also due to the relevance of international migration, whose magnitude cannot be adequately captured using the available census data. Overall, migration flows from rural municipalities have slowed in recent years (Rodríguez Vignoli, 2017). When considering rural emigration rates, trends point to a decline in most countries.

At the same time, net rural migration balances show even more pronounced declines, reflecting not only lower emigration but also an expansion of return flows. This suggests that, while mobility persists, back-and-forth movements have intensified, possibly reflecting changes in residential patterns, more flexible linkages between rural and urban areas, or growing constraints on permanent settlement in urban settings.

Immigration into rural areas has gained increasing relevance in several Latin American countries, shaping a demographic dynamic that complements—though does not replace—the traditional rural-to-urban flows (Martínez Villa & Rosá, 2025). In Chile, for example, 2017 census data show for the first time that immigration into rural municipalities exceeds emigration from these areas, reversing the trend observed in the 1990s.

Rural migration has ambivalent effects. For migrants, mobility provides access to better services and educational opportunities in urban or semi-urban municipalities, often accompanied by precarious or informal labor market insertion. For areas of origin, the outflow of young people reduces population density, discourages investment, and may deepen processes of territorial lag. At the same time, temporary mobility remains a key income diversification strategy for many rural households.

¹² When classifying migration, three categories are typically distinguished based on the length of stay: short-term (3–12 months), medium-term (from one to five years), and long-term (more than five years). This report focuses primarily on medium-term migration, as it can be measured using census questions, which constitute the main source of information for studying the phenomenon. Within this framework, a migrant is defined as any person who, according to the census, does not reside in the same locality they lived in five years earlier. Localities of origin and destination are classified according to the degree of rurality of the municipality to which they belong, using the DEGURBA classification. Migration related to rural areas can be analyzed from two complementary perspectives: outflows from rural localities to other settings (rural emigration), and inflows into rural localities from other areas (rural immigration).

Rural households

Household composition in LAC has undergone profound changes over recent decades, reflecting demographic transformations, shifts in economic patterns associated with changes in the productive structure, and cultural changes, including evolving norms governing gender roles. These changes have affected rural and urban settings differently, with some converging trends and others where marked differences persist, as documented in this report based on data from 14 countries in the region processed by CEDLAS (2025).

Consistent with declining fertility and increasing longevity, average rural household size decreased over the past three decades, falling from an average of four to three members. In the early 2000s, children under the age of 14 were present in around 60% of households; by 2023, this share had declined to 43%, while the presence of adults aged 65 and over in households increased from 20% to 27% over the same period.

These demographic changes have affected the lives of rural women, their position within households, and their role in the economy,

although to a much lesser extent than in urban settings. Female household headship, which was very limited in the early 2000s (3% of rural households), rose to 16% of the total.¹³ This increase occurred in a context in which single-parent households—many of them female-headed—expanded very little in rural areas, in contrast to trends observed in urban settings.

Another indicator of women's situation within households is their role as primary income earners, measured as the share of women who are the main providers of household income. By this measure, women's role has not changed substantially. Although there has been some increase from the virtually negligible levels observed in the early 2000s—consistent with rising female labor force participation—only 6% of rural households currently rely on a woman as their main economic provider. This gap reflects the difficulties women face in accessing quality employment, as well as the persistent unequal distribution of domestic and care work, factors that continue to constrain their full economic autonomy.

Living conditions of rural households

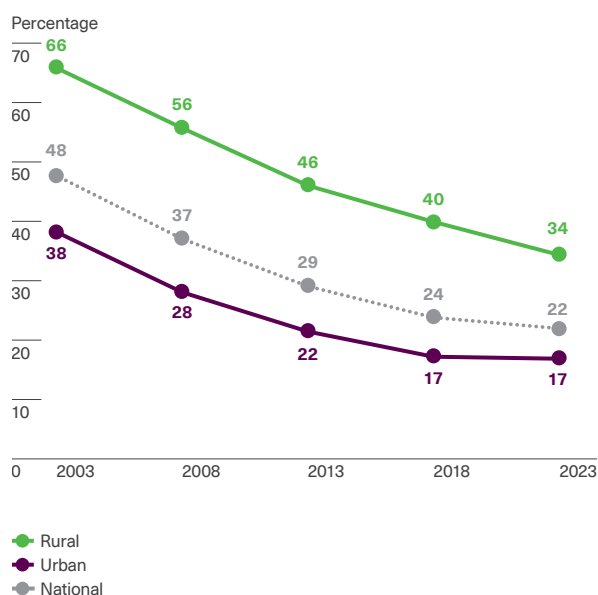
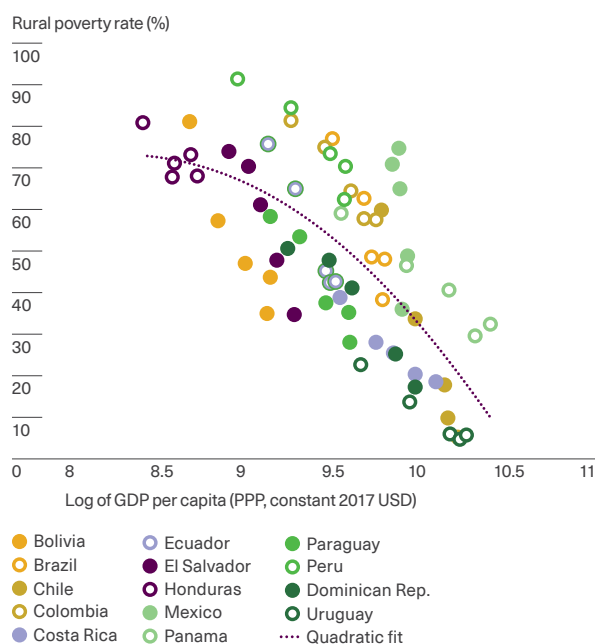
Over the past two decades, LAC has experienced sustained growth in household incomes, accompanied by a marked reduction in poverty, including rural poverty. The share of the rural population living below the international poverty line of USD 6.85 per person per day fell from 66% to 34% between 2003 and 2023 (panel A of Graph 9). In all the countries included in the analysis, rural poverty levels in 2023 were significantly lower than

those observed twenty years earlier. Strong cross-country differences persist, however: countries with lower GDP per capita tend to display higher rural poverty rates (panel B of Graph 9).

13 Household headship is self-reported. The increase in female-headed households may reflect a range of factors, including changes in household composition—such as a rise in households headed by women due to the absence of a partner—or changes in reporting practices in households where a couple co-resides.

Graph 9

Rural poverty in Latin America and the Caribbean, 2003–2023

Panel A.
Poverty by area, LAC average**Panel B.**
Relationship between rural poverty and GDP per capita

Note: Poverty is defined as the share of people living in households with income below a threshold of USD 6.85 per person per day at purchasing power parity (PPP). Each point in panel B represents a country-year observation. The years considered are 2003, 2008, 2013, 2018, and 2023.

Source: Authors based on CEDLAS (2025) and the World Bank (2025a).

Rural households and their link to the agricultural sector

The process of structural change in LAC economies has significantly transformed the economic strategies and opportunities available to rural households. Far from fitting the traditional stereotype of an exclusively agricultural household, rural households today display considerable diversity. When agricultural households are defined as those in which the household head or their spouse has their main occupation in the agricultural

sector, around 44% of rural households currently fall into this category (Figure 1).

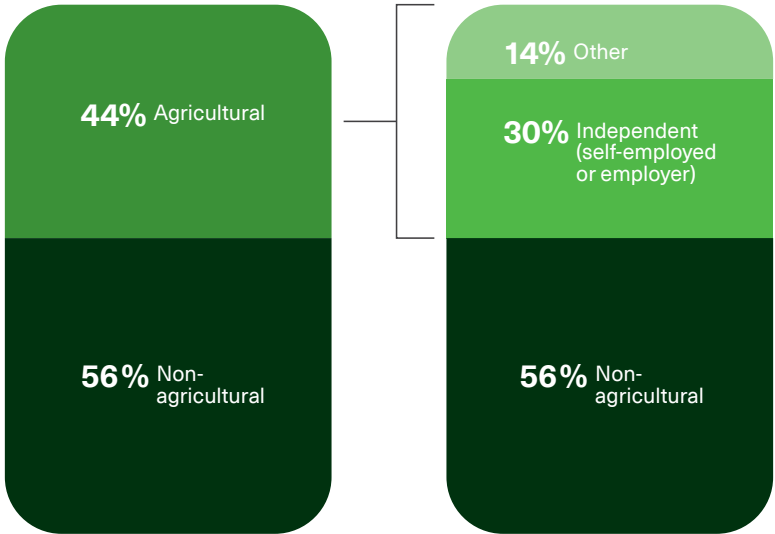
Within this group, 69% correspond to independent agricultural households—those in which the head or spouse works as a self-employed worker, the majority group (61% of agricultural households), or as an employer (8%). These households largely encompass the small-scale agricultural production that predominates in the region.¹⁴

¹⁴ Small-scale farms, which predominate in the region, are far from homogeneous: alongside low-productivity, highly vulnerable farmers, there are also small commercial and intensive farms with medium or high productivity levels.

The share of agricultural households varies significantly across countries. In Peru, for example, 84% of rural households are agricultural, while in Costa Rica and the Dominican Republic only 22% fall into this category. Beyond these cross-country

differences, a clear downward trend is observed in the share of agricultural households—and independent agricultural households in particular—across most of the region.

Figure 1
Classification of rural households by their labor link to the agricultural sector. Latin America and the Caribbean average, 2023



Note: Agricultural households are defined as rural households in which the head or their spouse has their main occupation in the agricultural sector. Within this group, independent agricultural households are those in which the head or spouse is self-employed or an employer.
Source: Authors based on CEDLAS (2025).

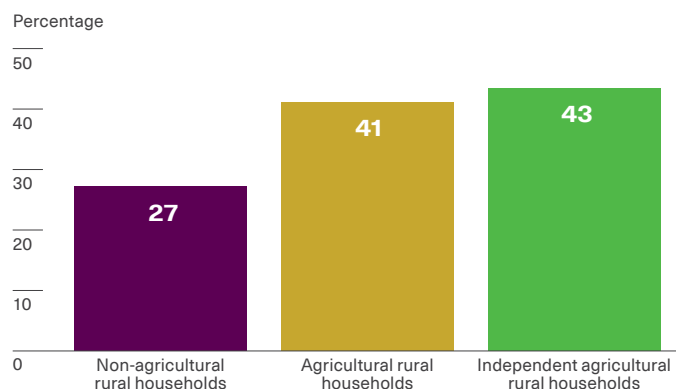
The reduction in rural poverty has affected all types of households, although large differences persist. In 2023, poverty incidence stood at 41% among agricultural households and 43% among independent agricultural households, compared to 27% among non-agricultural households (Graph 10). This pattern, observed across the region, indicates

that links to agricultural activity, particularly when carried out on a self-employed basis,¹⁵ continue to be associated with greater economic vulnerability, except in countries with higher-productivity agriculture, such as Brazil, Chile, and Uruguay.

15 When self-employed households and employer households are analyzed separately (the two groups that together make up the category of independent agricultural households), the poverty rate among the former is much higher than among the latter (45% versus 23%). The poverty rate for independent agricultural households shown in Graph 10 is largely driven by self-employed households, which account for nearly 90% of all independent agricultural households.

Graph 10

Rural poverty by household type. Latin America and the Caribbean average, 2023



Note: Poverty is defined as the share of people living in households with income below a threshold of USD 6.85 per person per day at purchasing power parity (PPP). Agricultural households are defined as rural households in which the head or their spouse has their main occupation in the agricultural sector. Within this group, independent agricultural households are those in which the head or spouse is self-employed or an employer.

Source: Authors based on CEDLAS (2025).

Rural household income

A significant share of the gaps in well-being and the vulnerability observed in rural areas can be explained by the way households generate their income.¹⁶ According to household survey data, the main source is labor income, both monetary and non-monetary. On average, this accounts for 78% of total income among rural households, a proportion similar to that observed among urban households (80%).

Agricultural activities contribute, on average, close to one-third of rural households' labor income, although this share rises to 77% among agricultural households and to 75% among independent agricultural households.¹⁷ This high degree of specialization increases exposure to sector-specific risks, particularly among lower-income households,

for which fluctuations in production or prices can translate into sharp declines in well-being. Poorer households also devote part of their labor to production for self-consumption. While this ensures a minimum subsistence base, it also makes them more dependent on local conditions and more vulnerable to adverse events, reinforcing income gaps within rural areas.

By contrast, higher-income rural households display a more diversified labor income basket. At higher points in the income distribution, the share of wage employment and non-agricultural activities increases (panel A of Graph 11).

¹⁶ The factors underlying income gaps between rural and urban areas have been widely studied in development economics, yet they remain an open question. A central element is the human capital gap: a substantial share of this disadvantage is explained by differences in workers' observable characteristics. However, even among workers with the same level of education, the evidence presented in this report shows that earnings are lower in rural areas. This also reflects demand-side differences, associated with the greater presence of low-productivity sectors or farms in rural territories, as discussed in this section and the next. Other studies show that the gap is also linked to barriers to migration, including informational frictions, financial constraints, and imperfections in land markets (Lagakos, 2020).

¹⁷ This contrasts with urban areas, where agricultural activities account for only 3% of income.

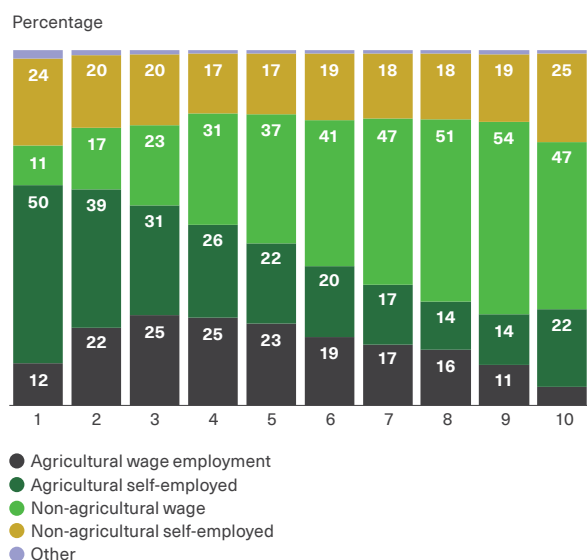
This pattern is also observed within the group of agricultural households, although less pronounced (panel B of Graph 11). In the lowest deciles, income comes almost exclusively from self-employed agricultural work; in the middle segments, the share of wage employment within the sector increases; and at the highest levels, non-agricultural activities

predominate. This highlights systematic differences in income composition by household income level, with higher-income households combining non-agricultural labor sources to a greater extent. Nevertheless, diversification remains limited: even in the highest decile, income linked to agriculture accounts for around 68% of the total.

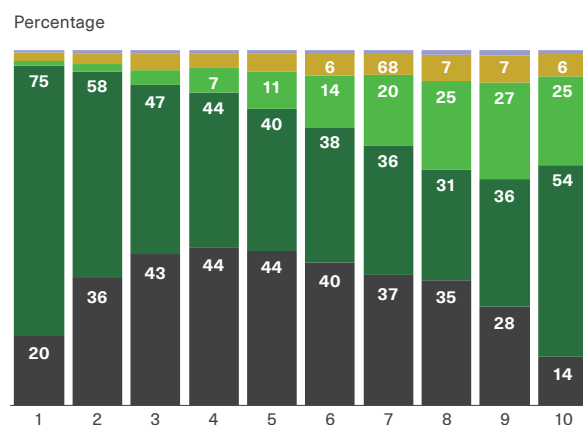
Graph 11

Decomposition of household labor income by total income decile. Latin America and the Caribbean average, 2023

Panel A.
Rural households



Panel B.
Rural agricultural households



Note: The disaggregation corresponds to national deciles of total household income. Averaged across the 14 countries, the bottom four deciles include 53% of rural households, while the top four deciles include only 26%. Labor income includes monetary income (wages or earnings from self-employment) and non-monetary income (self-consumption and in-kind remuneration). Household agricultural income is estimated as the sum of all labor income (from both main and secondary occupations) earned by members whose main occupation is in the agricultural sector. Agricultural households are those in which the head or their spouse has their main occupation in the agricultural sector.

Source: Authors based on CEDLAS (2025).

The low productivity of self-employment—which carries significant weight in the labor income of households in the lowest income deciles—limits the contribution of labor income to total

household income. In these segments, government transfers, pensions, and private transfers, such as remittances, support from relatives, or community networks, constitute essential sources of livelihood.

On average, government transfers¹⁸ and pensions accounted in 2023 for 33% and 38% of total income among rural households in deciles 1 and 2,

respectively (that is, the poorest 20% of the rural population). Private transfers, in turn, contributed 16% and 20% in these same groups.

Sectoral structure of rural employment, labor informality, and the wage gap

Over recent decades, profound transformations have taken place in the productive structure and forms of labor market insertion in rural areas of LAC. Nevertheless, high levels of informality remain one of the main sources of vulnerability in these settings.

The share of rural workers employed in the agricultural sector has declined steadily over the last two decades, while employment in services has absorbed an increasing share of the labor force (panel A of Graph 12). For the first time in the region, less than half of rural workers are engaged in agricultural activities, representing a 10 percentage point drop since 2003. This change has structurally reshaped the profile of rural employment, historically dominated by agricultural work.

At the same time, work arrangements have also changed (panel B of Graph 12). Between 2003 and 2023, the share of rural wage earners increased from 32% to 47%, driven mainly by growth in registered or formal wage employment. In contrast, the share of low-skilled self-employment declined from 50% to 38%, and unpaid employment—primarily family-based and female—from 11% to 8%. Taken together, these changes translated into an 11-percentage-point reduction in rural labor informality, from 78% in 2003 to 67% in 2023.

Despite these advances, informality remains a structural feature of rural employment, affecting nearly seven out of ten workers, compared with less than half in urban areas (47%). Informality entails lower incomes, lack of social protection, and job instability, perpetuating vulnerability among large segments of the rural population. Although informality is higher in the agricultural sector—where it exceeds that observed in other sectors by 18 percentage points—it extends across all areas of rural employment. Consistent with this higher informality, but also due to other factors, agricultural jobs are worse paid: on average, incomes are 25% lower than those in non-agricultural rural employment.

With regard to rural wages, these have increased in recent decades, but remain on average 34% lower than urban wages. This gap reflects both labor supply-side factors—such as lower levels of human capital—and demand-side factors, including the concentration of low-productivity activities in rural territories. Evidence shows that even among workers with similar levels of education, a double wage penalty persists for working in agriculture and residing in rural areas: wages for individuals in this situation are, on average, 26% lower than those of non-agricultural urban workers.¹⁹

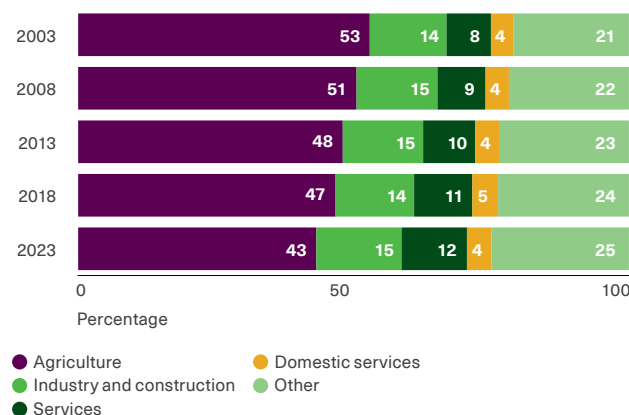
18 State transfers in the CEDLAS (2025) database, where this data comes from, include cash transfers from antipoverty programs, in-kind transfers, and other current non-contributory social transfers (such as family allowances and non-contributory unemployment benefits), and exclude pensions. One of the main income-support instruments currently in place for the most vulnerable groups is conditional cash transfer programs, which operate in 19 countries across the region (ECLAC, 2025).

19 These estimates are derived from Mincer earnings equations that control for education, age, and gender, using household survey data from 14 countries.

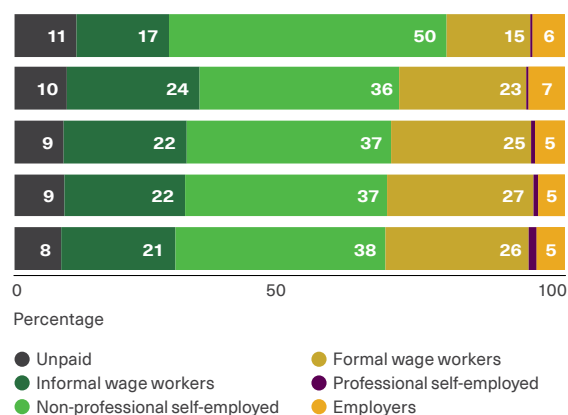
Graph 12

Evolution of rural employment: Sectors and labor relations. Latin America and the Caribbean average, 2003–2023

Panel A.
Sectoral structure



Panel B.
Labor relations



Note: Indicators are calculated for the population aged 25–54. In panel A, the “agricultural sector” category includes agriculture, livestock, hunting, and forestry; “services” includes professional services, health, and education; and “other” comprises fishing, mining and quarrying, trade, transport, and public administration. The primary sectors of fishing and mining and quarrying represent a very small share of rural employment (1.6%) and are therefore included in the “other” category. Totals may differ slightly from 100% due to rounding.

Source: Authors based on CEDLAS (2025).

Within rural employment, certain groups face additional disadvantages. Women, who are less represented in agriculture, are concentrated in more informal and lower-paid occupations; one in five works without pay, and their incomes are, on average, 8% lower than those of men in agriculture and 30% lower in other sectors. Motherhood sharply exacerbates these gaps (Marchionni et al., 2025). Indigenous populations, for their part, display higher labor force participation rates and are overrepresented in self-employed agricultural activities, which are characterized by high informality and low incomes.

Rural infrastructure and services

Basic services and infrastructure constitute the enabling layer of rural development: they improve health and well-being, raise the productivity of households and economic units, and connect communities with markets, jobs, and services that cannot be provided locally. In LAC, access to water, sanitation, electricity, physical and digital connectivity, education, health, and financial services has expanded, but territorial gaps persist. The core challenge is no longer only access, but also how services are delivered: shortcomings in quality, continuity, and affordability often limit their contribution to well-being and productive inclusion.

It is important to note that lack of access to certain services may stem both from supply-side

constraints—often driven by the high costs of extending and operating networks in dispersed territories—and from demand-side barriers related to prices, affordability, information, or usage skills, among other factors. These considerations apply across all the services analyzed and are critical for translating diagnostics into effective policies, as each type of constraint calls for different policy instruments.

Measuring these gaps accurately requires caution. Many statistics do not sufficiently distinguish rural areas and, as localities improve and expand service coverage, they are often reclassified as urban, which can lead to an underestimation of real progress.

Water, sanitation, and electricity: Progress in coverage, lags in quality

Access to drinking water in rural areas has increased steadily over the past two decades. Between 2003 and 2023, average coverage rose from 51% to 71% of households, and the urban–rural gap narrowed (Graph 13). However, only 55% of the rural population has access to safely managed water—that is, water from an improved source, available on premises, free from priority contamination, and accessible when needed—an indicator corresponding to Sustainable Development Goal (SDG) target 6.1. Some 39% of rural households has access only to basic services, and 6% continues to rely on unimproved sources, according to data from the WHO/UNICEF Joint

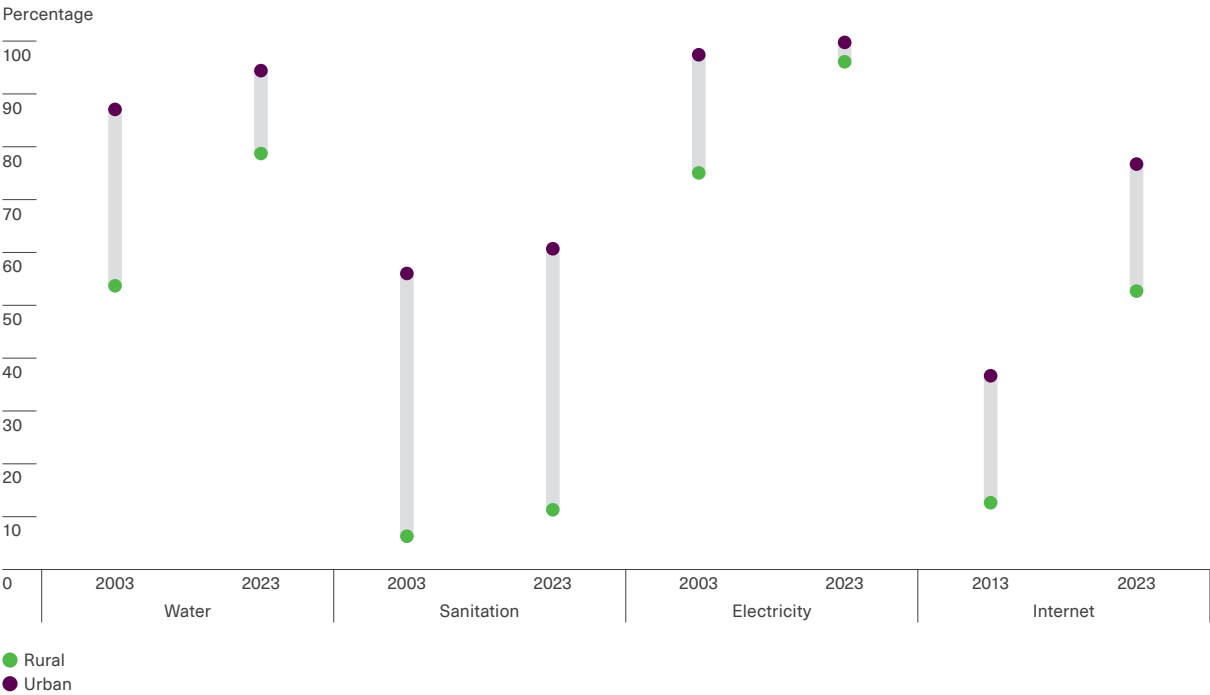
Monitoring Programme for Water Supply, Sanitation and Hygiene (JMP, 2025).

Access to unimproved water sources—and, to a lesser extent, even basic services—continues to pose health risks and to deepen inequalities, particularly through the time burden placed on those responsible for fetching water. Women and girls most often assume this task, with negative effects on their labor market outcomes, economic autonomy, well-being, and schooling.

Sanitation shows more pronounced gaps: only 11% of rural households have access to adequate facilities connected to a sewer network, compared with 65% in urban areas. These gaps have remained almost unchanged over the past two decades. Part of these low figures also reflects the classification threshold used: in household surveys, the category of “adequate sanitation” typically requires connection to a sewer system, a condition that is less feasible in rural localities and therefore fails to adequately capture safe on-site solutions that can be equally effective.

Nevertheless, when considering the SDG 6.2 indicator for safely managed sanitation—which includes improved, non-shared facilities with excreta safely contained and emptied, transported and treated, or treated in situ—the gaps remain substantial. Although data on safely managed sanitation are not available for all countries, in seven LAC countries (Cuba, the Dominican Republic, Ecuador, Guyana, Jamaica, Suriname, and Trinidad and Tobago) average coverage is around 50%, highlighting the remaining distance to universalizing this standard (JMP, 2025).

Graph 13
Share of households with access to services by year and area of residence. Latin America and the Caribbean average



Note: Figures correspond to the percentage of households with access to services by area, calculated as a simple average. For some countries, information was not available for the selected years, and the closest year was used instead.
Source: Authors based on CEDLAS (2025).

Access to electricity in rural areas of LAC is now almost universal: most countries exceed 90% coverage. The urban–rural gap narrowed sharply between 2003 and 2023 (Graph 13), driven by national programs and the adoption of decentralized renewable energy solutions.

The main gap in electricity provision between urban and rural localities in LAC lies in service quality rather than access. Two cases illustrate these challenges. In Panama and Uruguay, power outages in rural areas last between two and four times longer than in urban areas, respectively, and regulatory standards tend to be less stringent for rural localities (ASEP, 2024; URSEA, 2025).

Physical connectivity: Accessibility as a territorial barrier

Rural transport is a cross-cutting determinant of productivity and well-being. One of the primary indicators used to assess the availability of transport infrastructure is road length relative to land area. At the national level, LAC has low road density (17 kilometers of roads per 100 square kilometers of surface area) with only 22% paved, compared with 82% in Europe. This translates into higher logistics costs and greater isolation.

At the same time, the rural population of LAC is characterized by high spatial dispersion and, on average, greater isolation than in developed countries. For this reason, it is important to assess how transport infrastructure is distributed across the territory relative to where people live, in order to approximate the extent to which it provides accessibility.

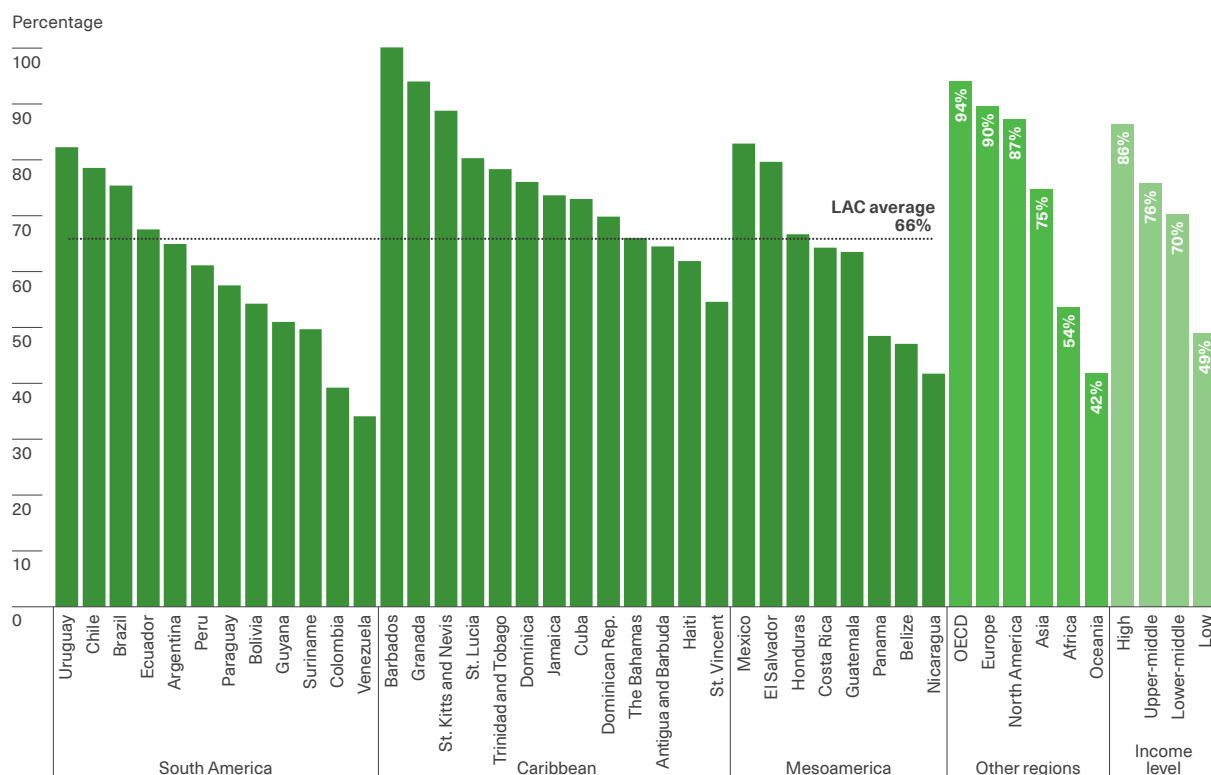
According to estimates produced for this RED edition, 66% of the rural population lives within 2 km of an all-season road (Graph 14), but this share falls to 40% when only paved roads are considered (Buccari et al., 2025). Within countries, substantial heterogeneity is also observed across municipalities with different characteristics. On average, municipalities with larger land areas and greater elevation variation have a lower share of

their rural population living within 2 km of a road. By contrast, there is a positive relationship with the share of rural population (relative to total municipal population), which may reflect a prioritization of road construction in local jurisdictions where rural residents represent a larger proportion of the population.

Road accessibility is also positively associated with municipal per capita tax revenues. This relationship becomes even stronger when accessibility to paved roads is considered exclusively. The association may reflect bidirectional causality: on the one hand, local governments with greater fiscal resources may be better positioned to invest in secondary or tertiary road infrastructure; on the other, improved accessibility may stimulate local economic activity and, in turn, increase tax revenues.

Graph 14

Percentage of the rural population living within 2 km of a road in Latin American and Caribbean countries and other regions



Note: The percentages shown in the graph include both paved and unpaved roads. The methodology used for LAC countries is described in Box 8.2 of the full report. Data for other countries were obtained from Azavea et al. (2019) and aggregated according to the World Bank income-level classification (2025b). The OECD average excludes LAC countries.

Source: Buccari et al. (2025).

Digital connectivity: The new frontier of rural access

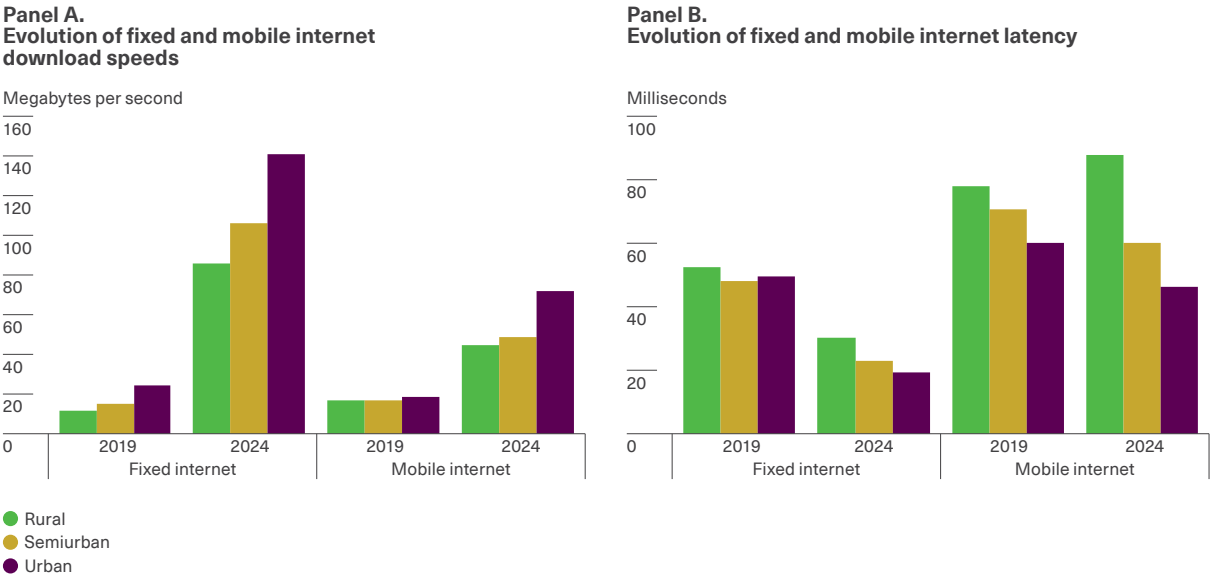
Digital connectivity is now a prerequisite for educational, health, labor, and productive inclusion. However, only about half of rural households have access to the internet, compared with 86% in urban areas (Graph 13). The gap in connection speed is even larger: on average, internet speeds in urban localities are 64% higher than in rural ones (panel A of Graph 15). Network response time (latency) is also a relevant quality indicator, particularly for

the use of services such as telemedicine or virtual education. Overall, user latency declined between 2019 and 2024 (panel B of Graph 15), although improvements were more pronounced in urban than in rural areas.

Infrastructure constraints are compounded by demand-side barriers. The cost of the service and of devices remains the most frequently cited limitation, especially among low-income households. Educational attainment, the age of the household head, and the lack of digital skills also play an important role. While the expansion of mobile and

satellite networks has improved coverage, the key challenge is to ensure effective use of connectivity to access goods and services that are critical for social and productive inclusion. A major opportunity for rural areas lies in leveraging connectivity to access public services, education, telemedicine, and e-commerce, among others.

Graph 15
Quality indicators for fixed and mobile internet in Latin America and the Caribbean, by degree of urbanization, 2019 and 2024



Note: The speed and latency shown in panels A and B correspond to the municipal average based on classification by degree of urbanization (DEGURBA).
Source: Authors based on OOKLA (n.d.), CAF (2025), and Schiavina et al. (2023).

Education: Expanded coverage, constraints in resources, and school infrastructure

In almost all countries in the region, rural primary education enrollment has been universalized, but wide quality gaps persist. Rural schools tend to be smaller, multigrade, and with fewer resources, which limits learning opportunities. At the

secondary and tertiary levels, access remains more limited and quality gaps widen further. Distance to educational institutions and transportation costs are the main obstacles to school attendance and retention.

Quality differences are closely linked to infrastructure conditions and the availability of teachers—factors that continue to be less favorable in rural areas. In many countries, a low share of rural students attend schools with adequate basic services, such as drinking water, learning spaces (libraries or laboratories), and sufficient digital connectivity. According to Allub et al. (2025), while the number of students per computer does not differ substantially between rural and urban schools, the share of devices

connected to the internet does, reflecting inequalities in available technological resources.

Difficulties in attracting and retaining qualified teachers, together with the prevalence of multigrade education, are other persistent features of rural education systems. Taken together, these conditions help explain the observed differences in learning outcomes and educational trajectories between rural and urban students.

Health: Dispersion, staff shortages, and limited problem-solving capacity

Coverage of health services in rural areas has expanded through primary care networks, but problem-solving capacity remains highly uneven. On the supply side, as in education, the lack of economies of scale and the spatial dispersion of the rural population affect the availability of health facilities and limit access to higher-complexity services.

Rural health centers typically have fewer staff and less equipment. Although comparative regional evidence is limited, the case of Chile illustrates these differences clearly. According to data from Chile's Ministry of Health (DEIS, 2025), all rural municipalities have at least one low-complexity health facility, but only 8% have a medium-complexity facility (compared with 95% in urban municipalities), and fewer

than 1% have a high-complexity facility (65% in urban municipalities). As a result, residents must travel to access these services, often over considerable distances. Data from Brazil similarly show that the number of health professionals per capita, particularly physicians, is higher on average in municipalities with greater degrees of urbanization.

This situation highlights that, when facing more complex health needs, rural health systems currently have lower problem-solving capacity and rely on physical mobility. Demand-side barriers, such as purchasing power and travel time, therefore become particularly relevant. Health deficits are more severe in Indigenous and highly dispersed communities, where care is often not always adapted to cultural and linguistic contexts.

Financial inclusion and the main barriers to access

Expanding financial inclusion is crucial not only to facilitate transactions and savings, but also to manage risks, finance small investments, and promote economic empowerment—especially among rural women. Despite this, 33% of the rural

population in LAC does not have an account at a financial institution or use mobile money. Semi-formal services, such as rotating savings and credit associations (ROSCAs) or village savings and loan associations (VSLAs), are more widespread in

rural areas and have high female participation, as illustrated by experiences in Peru (Frisancho & Valdivia, 2024).

The main barriers to accessing a bank account are physical distance to service points and the costs associated with formal banking. Trust in the financial system is also lower among rural adults than among their urban counterparts. These challenges are compounded by significant urban–rural gaps in financial literacy indicators. However, attitudes toward (digital) financial technology are similar in urban and rural areas, suggesting a latent willingness in rural contexts to adopt digital products.

Use of mobile money has, in fact, increased rapidly in recent years. In 2021, 25% of the rural adult population had a mobile money account; by 2025, this figure had risen to 33%. While mobile money can play a key role in expanding inclusion in rural areas, for now it appears to complement rather than substitute other financial instruments.

Roadmap for inclusive rural prosperity

Advancing rural development in LAC requires a coordinated set of policies that combine productivity, sustainability, and social inclusion. While the region has made meaningful progress in recent decades, these gains remain insufficient to ensure sustained convergence between rural and urban areas. The policies outlined in this report

constitute a menu of options that countries in the region can adapt to their productive structures, levels of development, and institutional capacities. All share a common objective: to transform rural areas into spaces of economic opportunity and social well-being, capable of contributing to the region's sustainable development.

Agricultural sector

Modernizing the agricultural sector in LAC requires a set of enabling conditions. Chief among them is access to financing, which shapes farmers' ability to invest in capital, intermediate inputs, and new technologies. The heterogeneity of farms across the region calls for differentiated financial products and instruments. Innovation in microcredit markets is particularly needed, including grace periods aligned with harvest cycles, alternative forms of collateral, and technological tools to improve credit assessment. Governments can also play a role through special credit lines for small farmers, guarantee funds, interest rate subsidies, and co-financing for technological investments. Digitalization further offers a promising channel to expand access to credit, including lending based on crop yields, sales, and repayment behavior (Klinger et al., 2013; Mengede, 2025).

Managing productive risk is another key component for sustaining investment and protecting rural incomes. Agricultural insurance, whether multi-risk, income-based, or parametric, helps mitigate losses associated with climate and market shocks, while also improving access to

credit. However, coverage of these instruments remains limited, underscoring the need for an active role for the state in expanding their use.

Investment in rural infrastructure constitutes a third pillar of sectoral modernization. Improvements in rural roads, access to electricity, the expansion of storage and cold-chain facilities, the adoption of efficient irrigation systems, and strengthened digital connectivity reduce costs, lower post-harvest losses during storage and transport to other areas, and facilitate integration into more dynamic markets.

Legal certainty over land tenure and the quality of cadastral systems play a decisive role in long-term investment decisions. The absence of robust land institutions limits access to credit and discourages the adoption of higher-productivity technologies. In this regard, the development of modern, digital, multipurpose cadastres that integrate fiscal, legal, and territorial planning information and are implemented through participatory processes focused on lagging areas and strategic ecosystems can strengthen legal certainty and support more

inclusive financing and investment policies. Available evidence suggests that well-designed land tenure formalization processes can contribute to a more efficient allocation of productive factors (De Janvry et al., 2015).

Sustained growth in agricultural productivity further requires joint progress in upgrading physical capital and strengthening human capital. Promoting productive service delivery models—such as machinery leasing or shared mechanization services—can expand access to key technologies without requiring large individual investments in assets. Policies aimed at innovation and technological adoption should combine investments in applied research tailored to local conditions, targeted financing for technology uptake, improvements in rural connectivity, and capacity-building strategies, including digital literacy. Within this framework, agrotechnology ecosystems, public–private partnerships, innovation incubators, and stronger linkages with universities can accelerate the diffusion of technologies adapted to diverse productive contexts.

Complementarily, it is essential to integrate formal education—including technical and post-secondary education—and lifelong learning with sectoral production policies. Modernizing rural extension systems, strengthening technical training aligned with value chains, and improving

territorial access to education centers are key to enhancing the impact of productive investments. In some contexts, these efforts can be reinforced through local employment programs that facilitate the transition from training to concrete productive opportunities.

Another set of policies focuses on product differentiation through the adoption of quality standards, traceability, and certification, which are critical for improving international market integration and reducing the region's structural exposure to commodity price volatility (Ocampo, 2017). Experiences such as Colombian coffee or Uruguayan beef illustrate how these instruments can stabilize incomes and facilitate access to higher-value markets, while diversification strategies also open opportunities for native and traditional foods. In this context, strengthening phytosanitary risk control policies is essential, both for their effects on local productivity and health and for their enabling role in meeting standards and certification requirements.

Finally, these lines of action do not preclude the need for targeted policies aimed at improving the productivity of small-scale farmers, which are essential to raising rural incomes, narrowing gaps, and strengthening economic inclusion. Enhancing their integration into agri-food value chains is key to expanding economic opportunities and ensuring greater value capture.

Key sectors for the energy transition

The global energy transition presents LAC with a strategic opportunity to reconfigure its productive structures and promote more sustainable, diversified, and inclusive rural development. There is a set of specific sectoral policies that can accelerate the energy transition and maximize its benefits in rural territories.

A first axis involves strengthening the governance of natural resources. Robust legal frameworks, transparency, and accountability are essential to attract investment and ensure social acceptance. Transparency and environmental, social, and governance (ESG) standards are increasingly important for accessing international markets and legitimizing projects at the local level.

This approach can help mitigate long-standing tensions arising from environmental damage, while also making visible and credible the potential benefits of responsibly exploiting critical minerals for the global energy transition. Chile stands out with its National Mining Strategy, which sets carbon neutrality targets for 2040 and the elimination of tailings by 2050. Such regulatory frameworks, combined with rigorous environmental monitoring, are essential to prevent disasters and ensure long-term sustainability.

A second key component of natural resource governance is the management of tensions over land and water use, particularly between mining, agriculture, and human consumption. In this context, participatory and dialogue-based instruments are essential to reduce conflicts and strengthen the social legitimacy of projects. Prior and informed consultation, in accordance with Convention No. 169 of the International Labour Organization (ILO), as well as participatory environmental monitoring committees that bring together communities, companies, and governments, are examples of mechanisms that contribute to the prevention, detection, and mitigation of environmental impacts.

Prudent management of revenues derived from extractive industries constitutes another critical challenge. Stabilization or sovereign funds, such as Peru's Fiscal Stabilization Fund, help manage price volatility and ensure fiscal sustainability. Revenue-sharing mechanisms seek to translate

extractive rents into tangible improvements in local well-being. In addition, local content policies, such as employment quotas and procurement from local suppliers, promote local linkages and can generate positive spillovers in income generation for rural populations.

Technological transformation in the extractive sector offers opportunities to increase efficiency and reduce environmental impacts. The adoption of digital tools, such as sensors, artificial intelligence, drones, and satellite monitoring, can improve worker safety, optimize resource use, and lower emissions. At the same time, machinery electrification and on-site renewable self-generation are expanding rapidly across mining operations and energy firms in the region. To accelerate this transition, governments can deploy financial incentives, including concessional credit, subsidies, or co-financing schemes, targeted at technological adoption and the development of local capacities in environmental management, digitalization, and industrial maintenance.

Finally, a cross-cutting requirement for fully leveraging these opportunities is the promotion of private investment, through measures such as tax incentives or one-stop shop mechanisms. Given the large upfront capital requirements and long planning horizons of these projects, investment incentives must be accompanied by political and macroeconomic stability, as well as national security policies that prevent the spread of illicit activities linked to natural resource exploitation.

Sectors with potential for productive diversification in rural areas

Productive diversification is key to fostering rural development and reducing vulnerability to external shocks. This, in turn, requires consistent sectoral

policies, adequate financing, and institutional capacities to build long-term comparative advantages.

Forestry sector

Forestry is inherently a long-term activity and therefore depends on stable policies and legal certainty. Successful experiences in Brazil and Uruguay highlight the importance of sector-specific institutions, clear regulatory frameworks, administrative efficiency, and national policies to promote the sector. Long-term financial support is also required, with loan structures that defer partial repayments of principal or interest until the end of the production cycle, given that returns materialize only after long periods (8–15 years). Private banking does not always provide this type of financing, which creates a role for the public sector. However, these incentives must be designed carefully, as the sector tends to be highly concentrated in large-scale operations and subsidies could lead to a concentration of public funds in a small number of beneficiaries.

Certification programs offer another way to add value to production and gain access to international markets. These certifications also promote more equitable labor conditions and the recognition of Indigenous and community rights. Governments can facilitate support for and access to certification, particularly for small farmers. Such support also strengthens the sector's ability to participate in carbon credit markets, which require certification to demonstrate contributions to emissions capture. These markets can generate resources for conservation, afforestation, and reforestation, helping finance forestry projects and create employment in conservation areas.

Fisheries and aquaculture

Developing the fisheries and aquaculture sector in LAC requires promoting sustainable and technologically advanced aquaculture. It also calls for improvements in labor conditions and formalization across the value chain, leveraging the nutritional value of its products to enhance regional food security, and strengthening linkages with tourism through gastronomy.

Advancing sector sustainability requires strengthening monitoring and fisheries management capacities. Recommended policies include investment in physical infrastructure to monitor IUU fishing, as well as training personnel responsible for enforcement. Climate adaptation policies include early warning systems and the training and integration of fishers into resilient coastal management plans.

Although LAC is the world's second-largest aquaculture region, production remains concentrated in a small number of countries, leaving significant scope to expand fish, mollusk, crustacean, and algae farming across more rural territories. Policy priorities include technology transfer, financing, and training for small and medium-scale aquaculture producers.

Despite being a net exporter of seafood, LAC exhibits low domestic fish consumption, with only a few exceptions. This presents significant opportunities to expand demand through policies such as nutrition education campaigns and school feeding programs that use locally sourced products. At the same time, the development of gastronomy can further promote tourism in coastal areas, contributing to greater diversification of rural incomes.

Tourism

Rural tourism faces structural constraints, including inadequate infrastructure, limited connectivity, and gaps in the provision or quality of basic services. For this reason, integrating tourism benefits into territorial planning is recommended, so that public investments in roads, sanitation, or energy also strengthen tourism activity. Ensuring environmental and social standards is equally critical to prevent negative impacts on ecosystems and local communities.

In rural and community-based tourism, adopting a long-term perspective is essential. Cross-country comparisons show that countries that have implemented rural and community tourism programs with a medium- to long-term horizon tend to generate deeper and more sustainable impacts. This is the case in Bolivia, Costa Rica, and Paraguay, where programs with more than 12 years of implementation have achieved significant results across sociocultural, environmental, economic, and inclusion dimensions (Gandolfi & Ramírez, 2025).

Policies to reduce vulnerability and promote inclusion

Reducing poverty and vulnerability in rural areas remains a central challenge. Policies should focus on strengthening social protection, promoting productive inclusion, and closing gender and ethnic gaps that constrain opportunities in rural territories.

Strengthening social protection is one of the priority pillars. Across the region, income transfer programs—particularly conditional cash transfers, now in place in most countries—have become consolidated and have contributed to reducing poverty and improving child education and health outcomes. Non-contributory pensions have also expanded coverage for older adults in rural areas. Moving toward more effective social protection requires increasing benefit adequacy, ensuring coverage in remote territories, and linking transfers more closely with strategies for economic inclusion.

Active labor market policies are particularly relevant in rural contexts, where employment is often concentrated in low-productivity, highly informal activities. Strengthening these policies is essential to diversify income sources and generate higher-quality jobs. Training programs, technical education, and labor reskilling initiatives

should be tailored to territorial characteristics and aligned with the strategic sectors identified in this report: agriculture and agro-industry; sectors linked to the energy transition; and emerging rural services (such as tourism, logistics, and environmental activities). Integrating training and labor intermediation with value chains in these sectors enables rural workers to participate in new productive opportunities and access more stable, formal jobs with better social protection. In parallel, the promotion of labor formalization and compliance with decent work regulations in rural areas are indispensable conditions for improving job quality and ensuring effective access to social protection.

Post-secondary education, especially technical and professional education, plays a key role in strengthening the capabilities of rural youth and facilitating their integration into emerging productive sectors. Expanding and tailoring this education to territorial needs can support social mobility and help rural human capital participate fully in productive transformation.

Reducing gender gaps in employment and income requires policies that address constraints related to motherhood, caregiving responsibilities, and unpaid domestic work. Expanding childcare services and early childhood education in rural areas, together with investments in time-saving basic infrastructure (water, energy, transport), can strengthen the economic autonomy of rural women. Gender-sensitive technical training programs, affirmative action in traditionally male-dominated sectors, and financial inclusion are key instruments for boosting women's economic participation. These policies should be complemented by awareness-raising

campaigns aimed at transforming social norms that reproduce inequality, which remain particularly entrenched in rural settings.

Finally, enabling policies, such as improvements in transport infrastructure and digital connectivity, reduce the costs of accessing employment and facilitate labor mobility. Investing in rural roads, public or community transport services, and digital infrastructure expands the range of opportunities available to rural workers and strengthens territorial integration.

Policies to ensure the provision of quality services in rural areas

Although service coverage has expanded significantly across most rural areas, marked inequalities in service quality persist. Constraints related to population dispersion, higher provision costs, and low private profitability explain a large share of these gaps and underscore the need for differentiated and coordinated policies across sectors and levels of government. Closing these gaps and improving service quality requires a combination of public investment, institutional innovation, and community participation.

In basic infrastructure sectors (water, sanitation, and electricity) supply-side strategies that combine network expansion with decentralized solutions tailored to dispersed territories are particularly relevant. On the demand side, policies are needed to address the economic barriers that influence households' decisions to connect to these services. These barriers include connection costs, service tariffs and affordability, and housing-related investments. The most effective approaches combine targeted connection subsidies with progressive tariff designs that limit fixed charges and protect basic levels of consumption. Regulatory advances in service quality standards, along with proper measurement and reporting and the development of local

capacities for operation and maintenance, are critical to ensuring high-quality service provision.

In physical and digital connectivity, countries have relied on both direct public investment and public-private partnerships to leverage private-sector capabilities. Strengthening these partnerships requires designing procurement contracts that align private incentives with universal access objectives (for example, through the bundling of contracts or the stipulation of minimum quality standards in service provision, such as setting a minimum speed for internet services). Complementarily, policies that promote infrastructure sharing can reduce costs and accelerate the deployment of fiber-optic networks. Finally, connection technologies with lower physical network requirements, such as satellite internet, open new possibilities for remote areas, provided that policies ensure affordability for rural households and establishments.

With respect to access to health and education services, policies must focus on reducing territorial gaps in availability, quality, and service complexity. This entails targeted investments in infrastructure and equipment, as well as strategies to expand and upgrade human resources, supported by improvements in road connectivity and the

strategic use of information and communication technologies to facilitate access to specialized services. In addition, financial and professional incentives—together with measures such as information campaigns, behavioral changes, and rotation systems—can help attract and retain qualified personnel in rural areas.

Finally, expanding rural access to financial services requires a coherent mix of flexible products (payment schedules aligned with productive cycles, grace periods, and appropriate collateral), technological innovation (mobile wallets, banking

correspondents, and interoperable fintech platforms integrated with secure identification systems), inclusive regulation and consumer protection (cost transparency, grievance redress mechanisms, robust authentication, and a gender-responsive approach), and capacity building (applied digital and financial literacy). Digitalization is already bringing services closer to previously underserved localities and reducing transaction costs, but its impact ultimately depends on users' ability to manage, compare, and safeguard these services—minimizing fraud and over-indebtedness and enabling effective, safe, and sustained use.

Institutions to promote rural development

Harnessing the potential of rural territories depends critically on the presence of strong institutions capable of guiding investment, coordinating actors, and regulating productive transformation. This requires closing long-standing gaps in planning, territorial management, regulatory frameworks, statistical information, and subnational government capacities. At the same time, the active participation of local communities, farmers, and rural organizations is relevant to ensure that investments translate into sustainable and equitable benefits.

There is a need for institutions capable of mobilizing public and private investment toward rural territories, addressing deficits in road, digital, energy, and social infrastructure that constrain development and territorial integration. For these investments to materialize into effective projects, it is essential to strengthen the management capacities of subnational governments—which, particularly in larger countries, are responsible for the formulation, execution, and oversight of these works (Alves et al., 2025)—and to complement this effort with training and empowerment of local actors.

Modern rural development also requires clear regulatory frameworks, robust information systems, and regional integration. In territories where agricultural, forestry, energy, mining, and tourism activities coexist, coherent regulatory frameworks are crucial to ensure that productive transformation unfolds sustainably, preventing conflicts over natural resources and guaranteeing increasingly stringent environmental standards. In this context, inclusive governance mechanisms that incorporate local communities, Indigenous peoples, and small farmers into decision-making processes strengthen the legitimacy of public policies, contribute to a more equitable allocation of resources, and reduce land-use conflicts.

Another central challenge is closing significant gaps in statistical systems, cadastral registries, and territorial data. The lack of systematic and comparable information limits the ability to design evidence-based policies, monitor inequalities, and evaluate outcomes.

At the same time, the expansion of illegal activities, such as illicit mining, logging, and fishing, as well as other criminal economic activities linked to natural resources, undermines investment and service provision, generates insecurity and vulnerability in rural communities, and weakens governance. Addressing these challenges requires strengthening state presence, environmental enforcement, and security capacities. Consolidating these competencies is essential for rural territories to fully realize their potential.

Finally, institutional strengthening must be accompanied by deeper regional integration and international cooperation. Many of the challenges and opportunities facing rural areas, including the energy transition, food security, and productive sustainability, transcend national borders. Harmonizing regulations, sharing information, fostering technical cooperation, and advancing intraregional agreements can reduce costs, enhance regulatory capacities, and expand development opportunities for rural territories (ECLAC et al., 2024). Regional integration also provides a key platform for strengthening LAC's voice in increasingly demanding international markets.

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Report on Economic Development

Roots for the future: A new rural landscape in Latin America and the Caribbean

The preparation of the Report on Economic Development (RED) is the responsibility of the Directorate of Socioeconomic Research of CAF's Knowledge Management. Dolores de la Mata and Juan Odriozola oversaw the editing of the report content, with the assistance of Belén Cañuelo. Ana Gerez was responsible for style and editorial corrections.

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In Latin America and the Caribbean, rural areas are undergoing a profound transformation. Beyond their traditional association with primary production, they now concentrate significant strategic potential for economic development, the provision of essential goods, environmental sustainability, and cultural preservation. This potential is emerging in a context shaped by the energy transition, climate change, and the reconfiguration of global value chains. At the same time, rural areas continue to face persistent challenges related to household incomes, access to services, infrastructure, and productive capacities, which limit their ability to contribute to growth and reduce inequality across the region.

This new Report on Economic Development examines the role of rural areas as a driver of regional development through an integrated approach that brings together population dynamics, labor markets, productive systems, and services and infrastructure. Within this framework, the report characterizes the productive and labor structure of rural territories, as well as the living conditions of rural households. It also identifies persistent gaps in access to services and infrastructure that constrain their development. Building on this analysis, the report explores opportunities to raise productivity and promote diversification in key sectors such as agriculture and agribusiness, mining and energy, tourism, forestry, fisheries, and aquaculture, as well as the challenges associated with the energy transition and the growing global demand for sustainably produced primary goods.

The report identifies the main bottlenecks that prevent rural territories from fully realizing their potential, including productivity gaps, labor informality, limited physical and digital connectivity, unequal access to essential and financial services, and challenges related to environmental sustainability and climate change. Based on this assessment, it proposes a set of policy actions aimed at strengthening productive and human capacities, improving territorial integration, and promoting more inclusive, dynamic, and sustainable rural development—capable of expanding opportunities and improving the well-being of people and communities across the region. In this regard, the report underscores that rural development represents a strategic opportunity that calls for integrated public policies to harness ongoing transformations and close long-standing gaps.