A STUDY OF RURAL POVERTY IN MEXICO
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Introduction: Why a study of rural poverty in Mexico?

This study is part of the second phase of a long-term programmatic work on poverty in Mexico in three phases being carried out by the World Bank at the request of the Government of Mexico. The second phase consists of three studies: the present one on rural poverty and two companion reports on urban poverty and social protection. While the work has benefited from extensive collaboration with government and independent Mexican specialists working on issues related to rural poverty, the views expressed are those of the authors alone.

From a policy perspective, there are at least two important reasons for a separate study of rural poverty in Mexico. Hard core poverty is mainly, though not exclusively, a rural phenomenon: although only one quarter of Mexico’s population lives in rural areas, more than 60 percent of the extreme poor live there. Moreover, rural poverty differs from urban poverty in many important aspects. There are differences in sources of income between the rural and urban poor. The presence of indigenous groups is much larger in rural areas, and the production systems, the economic and other risks faced by the rural poor and their coping strategies differ from those of their urban peers. The urban poor are surrounded by services and opportunities – even if they have limited access to them – not available to the rural poor. Conversely, the rural poor benefit from safety nets such as subsistence agriculture and local community ties not available to the urban poor. These differences suggest a need for tailored policy interventions.

The study focuses on how to improve income and employment opportunities to abate income poverty. An important result of the first phase of the Programmatic Poverty Study is that while considerable progress has been made in meeting basic needs in rural and urban areas over the last two decades, progress has been much lower in income poverty. The study concentrates, therefore, on the analysis of income poverty and options to lower it. Specifically, we do not discuss issues and programs related to health, education and social infrastructure.

Poverty and Socioeconomic Trends in Rural Areas

Market exposure and social modernization is transforming rural Mexico, with important changes in the characteristics of the labor force and in the sources of income and employment. These changes are not accompanied, however, by a process of lively economic development capable of reducing poverty and inequality. Rural areas must hence rely on outside assistance in the form of private and public transfers to cover the basic needs of a large part of their population.
Poverty

In 2004, 28 percent of rural dwellers were extremely poor and 57 percent moderately poor. Thus, although only one quarter of Mexico’s population lives in rural areas, they are host to 60.7 percent of the country’s extreme poor and 46.1 percent of the moderately poor. There are large differences in poverty in rural areas, however, with a gradient of poverty incidence that increases from semi-urban to disperse rural areas, and increases also from northern to southern regions in the country. Regional differences are often wider than those between rural and urban areas.

Poverty in urban and rural areas, both moderate and extreme, went through a cycle in the decade of 1992-2004 marked by the 1995 crisis, with a strong increase between 1994 and 1996 and a decreasing trend thereafter (Figure 1). Only in 2002 had extreme poverty in rural areas recovered from the 1994-96 crisis, and only in 2004 there was a net decrease relative to 1992.

Figure 1. Mexico: Extreme Poverty, Rural, Urban and National, 1992-2004

Source: WB Staff estimates based on ENIGH.

The lack of overall progress in long-term poverty reduction in rural areas can be explained mainly by the 1995 economic crisis, the sluggish performance of agriculture, stagnant rural wages, and falling real agricultural prices. These

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1 Extremely poor refer to individuals whose income is below SEDESOL’s food poverty line; moderately poor refer to those below SEDESOL’s assets poverty line. See World Bank (2004) for different poverty measures.

2 For statistical purposes we use two concepts of rural: a narrower one consisting of disperse populations in localities of less than 2,500 residents, which is the definition used by INEGI, and a broader one which includes semi-urban populations in localities between 2,500 and 15,000 residents.
circumstances were compensated to some extent by the increase in private and public transfers, improved targeting of parts of public expenditure in rural areas, and an expansion of employment and income in rural non-farm (RNF) activities.

**Employment and Income**

There is a noticeable modernization in the characteristics of the rural labor force, following greater participation of women, decreased importance of family labor and other non-paid workers, significant improvements in the educational levels of workers, and considerable ageing of the workforce. Important changes are also taking place in rural employment. The most relevant are an increase in informal salaried employment (which in 1995-2003 passed from 19 to 28 percent for males and 14 to 18 percent for females) at the expense of unpaid workers, and an expansion in rural non-farm (RNF) employment at the expense of farm employment. There has been a remarkable change in the composition of rural incomes, also for the rural poor. The main trends are: a dramatic decline in the importance of agriculture; a substantial increase of wage income (farm and non-farm) relative to self-employment and entrepreneurial incomes; a substantial increase in public and private transfers; and a substantial increase in importance of rural non-farm high return occupations as a source of income (Table 1). The rural poor have been part of these changes, though they continue to lag behind the non-poor.

<table>
<thead>
<tr>
<th>Income Shares from</th>
<th>1992 All Households</th>
<th>1992 Extreme Poor</th>
<th>2002 All Households</th>
<th>2002 Extreme Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Farming</td>
<td>38.5</td>
<td>38.1</td>
<td>12.6</td>
<td>16.8</td>
</tr>
<tr>
<td>Agricultural Wage Labor</td>
<td>12.3</td>
<td>19.6</td>
<td>11.3</td>
<td>21.9</td>
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<td><strong>Sub-total Agriculture</strong></td>
<td><strong>50.8</strong></td>
<td><strong>57.7</strong></td>
<td><strong>23.8</strong></td>
<td><strong>38.7</strong></td>
</tr>
<tr>
<td>Independent Non-Farm Activities</td>
<td>8.1</td>
<td>4.8</td>
<td>5.7</td>
<td>6.8</td>
</tr>
<tr>
<td>Non-Farm Wage Labor</td>
<td>20.4</td>
<td>15.9</td>
<td>36.1</td>
<td>17.2</td>
</tr>
<tr>
<td>High return</td>
<td>4.9</td>
<td>1.3</td>
<td>23.8</td>
<td>4.4</td>
</tr>
<tr>
<td>Low return</td>
<td>15.5</td>
<td>14.6</td>
<td>12.3</td>
<td>12.8</td>
</tr>
<tr>
<td>Transfers</td>
<td>8.0</td>
<td>6.0</td>
<td>16.5</td>
<td>25.4</td>
</tr>
<tr>
<td>Other Sources</td>
<td>12.6</td>
<td>15.5</td>
<td>17.8</td>
<td>11.9</td>
</tr>
<tr>
<td><strong>Sub-total Non-Agriculture</strong></td>
<td><strong>49.2</strong></td>
<td><strong>42.3</strong></td>
<td><strong>76.2</strong></td>
<td><strong>61.3</strong></td>
</tr>
</tbody>
</table>

Rural defined as localities of less than 2,500 residents.
Source: WB Staff calculations based on ENIGH.

**Rural wages fell after 1995 in response to the crisis.** By 2003, agricultural wages had still not recovered, remaining 11 percent below the 1995 level. Although non-
agricultural wages recovered somewhat faster, average rural wages had just recovered to 1995 levels in 2003.

The development of rural non-farm occupations has been an important factor sustaining rural incomes for the moderately poor, but to a less extent for the extremely poor. The poorer have seen a marked increase in rural non-farm activities over the past decade. For the first quintile, the income share of non-farm activities accounted for less than one third in 1992, but by 2002 it accounted for over half of total income. For the second and third quintile (encompassing the moderately poor), the share increased to over 60 percent. Not surprisingly, occupations in high-return non-farm activities are a bigger share of income for the comparatively well-off. The extremely poor only increased their share of non-farm wage labor in high-return activities from 1.1 to 4.4 percent of total income. The participation in high return RNF activities and the wage level are both inversely related to many typical poverty correlates: low education, being of indigenous culture, living in disperse areas, and being far off from urban centers, among other things.

Agriculture and the Rural Poor

Agricultural growth has a strong potential for poverty reduction in Mexico. This report shows that agricultural growth reduces extreme poverty, poverty intensity, and income inequality in society at large. Conversely, slow agricultural growth and lack of land and labor productivity improvements are an important threat to rural poverty. Resolving the challenges faced by the agricultural sector, including increasing labor productivity, and ensuring that smaller farms and the rain-fed sector can become more competitive, is therefore essential to rural poverty alleviation.

But agricultural growth has been weak in the past decades, and concentrated mostly in the commercial farming sector, thus bypassing the poor to a large extent. Agriculture experienced modest growth in the 80s and 90s of around 1.5 percent per year in each decade, below national growth and population growth. Output of food crops grew more, at around 2.2 percent in 1980-02, mostly as a result of some improvement in the yield of individual crops and a change of crop mix in favor of higher value crops. Agricultural growth was higher in the northern states where agriculture is more commercial, in irrigated lands where commercial farming concentrates, and in the more commercial crops.

Land and labor productivity levels in agriculture are far behind non-agricultural sectors. Land and labor productivity rose in the 1990s at a rate above 2 percent, and total factor productivity also grew. However, by international standards, land and labor productivity are low in Mexico, and the distance between labor productivity in agriculture and other sectors is higher in Mexico than in any other Latin American country. An important factor explaining low productivity is lack of working
capital, which may in turn be due to the credit restrictions small farmers face that prevent them from using optimum quantities of inputs.

Rural Policies and the Poor

Poverty Friendliness of Agricultural and Land Policies

The agricultural liberalization policies initiated in the late 80s appear to have benefited in particular the more commercial farming, with little impact on the poor. The limited effects on the competitiveness of small farmers as well as on rural poverty may have been due to the lack of an accompanying long-term strategy for agricultural restructuring and little support for poor farmers to reconvert to more promising crops and take advantage of new market opportunities.

Although there are laudable policy initiatives in the areas of finance, research and technology, extension services, and access to land, more is needed to assist in particular poor, small-scale farmers. Improvements are taking place in rural finance with the 2001 Ley de Ahorro y Préstamo, the constitution of BANSEFI, and the creation of the Financiera Rural in place of BANRURAL. Much, however, remains to be done to set up a self-sustainable rural micro-finance system capable of matching existing needs of saving instruments, personal and production loans, and other financial services. Similarly, the agricultural research and extension system is undergoing reforms, but needs to be better adapted to the requirements of smaller farmers. Finally, land policy reforms in the 1990s have brought important results for the rural poor in terms of security and tenure. There has been little impact on land productivity or income, however. The Secretaría de la Reforma Agraria is initiating a welcome program to facilitate the access to land and complementary investments for young farmers in the ejidos and comunidades.

Agricultural support programs are not generally conceived as poverty reduction programs, but could be better targeted towards small-scale farming. By definition, these programs – the most important including Alianza para el Campo, Procampo, and Aserca – cannot be expected to focus on the needs of the most destitute, namely the landless poor. They are generally oriented towards the commercial sector, with limited support for poorer farmers needs. Yet, there is no evidence that larger crop farms are more efficient, per se, than smaller farms in terms of value added per hectare. Improvements could be made with better targeting of subsidies and services towards smaller farmers. This would include research, technical assistance and dissemination suited to the small-scale farmer, and improved links with non-farm development programs especially in rural finance. Procampo, because of its extensive coverage, allows the vast majority of small farmers to benefit from it, but the distribution of benefits is nevertheless biased towards larger holdings. More generally, there is a question of whether Mexico has the fiscal capacity to maintain rural subsidy programs which do not
target specifically the poor and which do not clearly result in improved competitiveness, and of the efficiency gains of using those resources to provide more public goods in rural areas.

**Poverty Friendliness of Non-Agricultural Rural Development Policies**

Territorial development is now part of the approach to rural development in Mexico, but could be reinforced by a broader and more coherent framework. Two programs in particular are linked to this approach—Microrregiones and Microcuencas (a third one, Areas Marginales, has been discontinued). Microrregiones is a recent and innovative initiative in this vein. It focuses on reaching marginal areas, clustering investments to achieve critical masses of infrastructure and services, and attempting to coordinate local development investments of different agencies, but there have been difficulties in achieving coordination and involving local civil society. One issue is that very little of the investments are directed at employment and income generation activities. The Plan Nacional de Microcuencas is a low budget, low profile but interesting and seemingly successful program destined to promoting territorial planning and investment in small watersheds (of some 40 km² and 1,300 residents on average) with participation of the local population and municipal authorities. The size of the microcuencas, although appropriate for some types of investments and micro-territorial planning, is too small, however, for wide scale territorial development. Finally, the decentralization of social infrastructure through FAIS and FISM is also an example of initiatives towards improving the distribution of resources by allocating funds among municipalities on the basis of objective criteria, and increasing the participation of local authorities in investment decisions. The Ley de Desarrollo Rural Sustentable also supports a territorial approach to rural development. A central feature in this connection is the creation of Consejos de Desarrollo Rural Sustentable at various levels. One limitation is the limited ownership of local actors in these Consejos.

**Oportunidades**, Mexico’s flagship social protection program, is together with Procampo the main cash transfer program to rural areas. This is a well-know program which has the objectives of alleviating extreme poverty through direct cash transfers to rural women with young children, and promoting the development of human capital. This program has been analyzed in the first phase study of the Mexico Programmatic Poverty work (World Bank, 2004) and hence it will not be covered here.

**Poverty Friendliness of Programs Affecting Vulnerability**

Some government programs affect rural vulnerability, including agricultural insurance programs and insurance funds against natural disasters. Agricultural insurance programs are in general not suited to the very poorest whose income sources are not mainly from independent farming and whose farming practices tend to be low-risk. They can be more important for moderately poor farmers who need to make the
transition to higher value crops, expose themselves to price risks (input and output) and perhaps adopt higher risk technologies associated with commercial farming. The Fondo de Desastres Naturales (FONDEN) is a government insurance fund against natural disasters, and a useful instrument to absorb part of the negative income impact of large covariate shocks, also for small farmers and the rural poor. Other rural development programs oriented to production and infrastructure investments do not have a specific social protection function. They may assist, however, in the medium- and long-term income and risk management strategies of poor families by promoting asset formation, productive development, and the diversification of economic opportunities.

Vulnerability and Risk Management by the Rural Poor

There is evidence that rural households in Mexico are very much affected by both idiosyncratic and covariate shocks. Illness is the main idiosyncratic shock whereas natural conditions like pests and diseases and droughts are at the origin of the main covariate shock, hitting farmers in particular. The position in the income distribution affects the response to shocks, with better off households resorting more to credit than poorer ones, who instead rely more on increased participation in the labor market. There is some evidence that poorer households experience less shocks than richer ones and that they carry out stronger consumption smoothing practices. There is also evidence that consumption smoothing is more effective when shocks are idiosyncratic than when they are covariate. Thus, for instance, the main smoothing that took place during the 1995 crisis was through the reallocation of consumption expenditures in favor of the most essential ones, especially on food.

The risk management strategies of the rural poor are based on income diversification, migration, and subsistence farming. The accelerated trend of income diversification during the 1995 crisis points to its importance. Out-migration, which can be seen as a form of income diversification, has increased considerably after the mid-1990s: by 2002, there were some 35 migrants in the USA and 71 migrants within Mexico for every 100 rural families. Subsistence farming, while not exclusive to poor farmers, plays a major role as a safety net for many rural families in ensuring food security. The relevance of the subsistence economy is declining but it still probably is the number one safety net in rural areas and is likely to continue being so for many years.

These risk management strategies do not come without cost, for example the social and emotional costs of out migration or the long-term income implications of taking children out of school to work or postponing health expenditures to protect food consumption. Resistance by old farmers to transfer land through life inheritance or otherwise to young farmers is part of a broader survival cum risk management strategy of old farmers who fear being left alone without anyone to look after them, and being unable to earn enough income to survive. This behavior from old owners has important
consequences on the use of land, the farming practices, and the access to land by young rural workers.

**Policy Options to Fight Rural Poverty**

We present policy options to intensify the fight against poverty in rural areas, building on the Mexican government’s policy reforms underway in areas like local development, program implementation, and education. These options, summarized in Table 2 and briefly outlined below, should be seen against the backdrop of some general considerations for rural poverty alleviation policy:

- Mexico’s success at regaining and maintaining *macroeconomic stability* after the *Tequila* crisis was indispensable for the reduction of poverty incidence that has taken place since 1996, and will need to remain at the core of any rural poverty reduction strategy.

- The increase in *direct cash transfers* has, likewise, been instrumental to the livelihood of the poor. Incremental resources at the margin could better be used to promote income and employment growth, however.

- There is a need to focus attention on *marginalized regions and areas*, where poverty is more concentrated, combining incremental resources with an assessment of the capacity of specific programs to promote local development, and using targeting mechanisms adequate to each type of program. Related to this, investments need to be concentrated to build up critical masses to trigger endogenous growth.

- *Education* remains the possibly most important correlate of poverty, and continued emphasis should be given to access, quality, expanding secondary education facilities and enrolment, and strengthening technical education and vocational training for rural people related to farm and non-farm activities.

Against this background, the options for improving rural poverty interventions are organized around four areas: (1) Deepening the territorial approach to rural development; (ii) Revitalizing the rural economy in favor of the rural poor; (iii) Improving the design and effectiveness of rural development policies and programs; and (iv) Supporting the rural youth as a critical factor for a dynamic rural economy.

**The territorial approach to rural development is a means to achieving local economic development and reduce poverty through territorially based economic coordination.** Through programs like *Microrregiones* and *Microcuencas* and the *Ley de Desarrollo Rural Sustentable*, the Mexican government has established a good ground for developing a full-fledged territorial approach. The main tenets of this approach are (1)
multisectoral development, (2) the links between rural and urban areas, (3) the use of participatory territorial planning as instrument for economic coordination and to organize the demand for development interventions, (4) the structuring of interventions around a long-term strategic plan for the territory, (5) the exploitation of economic potential of territorial assets, and (6) the recognition of the mobilizing capacity of a shared territorial identity. The territorial approach changes the focus from sectoral to territorial competitiveness, and offers an excellent framework for poverty reduction interventions in rural areas centered on equitable local economic development. Furthering this approach would require action at both federal and regional levels.

A comprehensive view of rural development includes both farm and non-farm activities. This requires a focus on the family rather than the farm as the key receiver of rural policy. This is closely linked to the territorial policy which recognizes the inherent heterogeneity of the rural non-farm (RNF) sector and the need for a local development approach.

Low land and labor productivity in agriculture point to intensification as the best approach to raising agricultural growth. A strong policy effort would be required to help farmers, particularly poorly endowed ones, to move from low to high value crops. Programs would be needed to jointly create the conditions enabling farmers to carry out this crop switch. Basic for this are the presence of extensive and well functioning research and extension and rural finance systems. These systems are also essential to raise crop yields, which is the other component of intensification. Finally, the importance of the subsistence economy for production and as a safety net suggests that this sector needs to be part of agricultural policies aimed at raising productivity.

Education, in combination with improved infrastructure, is a strong determinant of higher rural wages and enhanced participation in rural non-farm activities. Education coverage and incentives to attend school are not enough; quality is also important, as well as combining education with other productive assets, including better road connections, communications and energy provision.

Federal expending in rural development is high and a true mark of the importance traditionally given by Mexican governments to rural areas. The issue is therefore one of efficiency and effectiveness in program implementation rather than lack of resources per se. Mexico faces several challenges in raising program efficiency. Some of these challenges relate to macro-level institutions, including an annual budget cycle, an electoral system for local authorities which tends to work against program continuity and long term strategic planning, and a sectoral organization of the state apparatus. Others refer to improving operational and budgetary norms to facilitate for instance timely interventions and the allocation of sufficient recurrent costs (which are essential to the success of productive programs). There are also organizational cultures which do not favor cross-sectoral approaches and which reinforce a short-term approach to programs and policies. Strengthening dissemination policies, giving incentives to
program operators, and promoting their direct accountability to client/beneficiaries would improve client orientation and program delivery.

Young male and female workers could be a strong force in the modernization of rural areas, if they could access assets and business opportunities. Today’s young population has many intangible assets compared to those of the previous generation, including higher levels of education and more familiarity with the realities of the market and globalization. Their potential and energies are often frustrated, however, by their conspicuous lack of access to land and other assets. The rural economy offers many latent opportunities outside agriculture that could be taken up by young workers. A program for the access to assets of the rural youth should hence include both farm and non-farm operations. The Mexican government is recognizing the youth’s importance by initiating a program to facilitate entrepreneurial development of young landless farmers. Building on this approach, an important dimension would be the empowering of rural youth in the decision making processes of the rural space, promoting their self-confidence, facilitating their leadership in their communities and other rural organizations, and helping them build a generational project that would make the most of their potential as agents of social and economic change in rural areas.
Table 2. Summary of Policy Options Discussed in the Report

1. Deepening the Territorial Approach to Rural Development

At the federal level:
- Empower the Consejo Mexicano para el Desarrollo Rural Sustentable (CMDRS) to act as national agency for the promotion of the territorial approach to rural development.
- Harmonize operational rules of rural development programs of federal agencies, and coordinate their activities at the national level within the framework offered by the CMDRS.
- Introduce a coordination system for the budgeting of rural development programs by federal agencies.
- Create a national territorial development fund.

At the regional level:
- Establish shared regionalizaciones in the states
- Advance in the creation of territorial economic coordination agencies through the Consejos Distritales de Desarrollo Rural Sustentable regulated by the Ley de Desarrollo Rural Sustentable
- Create Centros de Apoyo al Desarrollo Rural Sustentable to act as technical secretariats of the above councils.
- Set up a system of ventanillas únicas in the territories to provide information and to process demands related to the various rural programs.
- Formulate strategic plans for the territories using participatory planning principles to identify the development axes around which clustering territorial investments

2. Revitalizing the Rural Economy in Favor of the Poor

Technology
- Accommodate poor farmers’ needs in the research and extension agendas and methods
- Mainstream environmental concerns into research and extension.
- Promote a national debate on how the agricultural knowledge system should evolve to ensure competitiveness with equity, as a means to arrive at a national strategy to enhance rural technology.
- Promote state level discussions to define the most appropriate research and technical assistance models for different types of farmers and rural areas
- Modernize the curricula of agricultural learning centers

Environmental Assets
- Exploit the economic opportunities opened by environmental services like carbon sequestration, watershed management and biodiversity stewardship.
- Exploit the opportunities for rural tourism opened by cultural, landscape and biodiversity assets.
- Intensify community forestry program, broadening the scope to include the
sustainable exploitation of timber and non-timber resources, watershed protection and management, reforestation, agro-forestry systems, commercial forestry plantations, and timber and wood processing industries.

### Rural Finance
- Expand BANSEFI and *Financiera Rural* operations with the resources currently used for *ad hoc* credit programs
- Use the *Financiera Rural* to assist in the development of a rural micro-finance system
- Support with judicious incentives the introduction of different types of innovations in rural micro-finance operations
- Promote economic coordination among formal and informal institutions and programs providing financial services in rural areas through state level fora

### Vulnerability
- Promote programs favoring crop diversification, technological change and sanitary measures that reduce the incidence of natural shocks
- Study the introduction of parametric insurance systems
- Reinforce rural finance systems as a means of risk management
Support the subsistence economy in view of its great importance as a safety net

### 3. Improving the Design and Effectiveness of Rural Development Policies and Programs

#### Macro-Type Political and Administrative Circumstances
- Examine the possibility of giving more continuity to municipal administrations
- Examine the possibility of introducing pluri-annual budgetary systems
- Promote a more active role of the *Secretaria de Hacienda* in the coordination of federal rural programs within a territorial approach

#### Operational and Budgetary Norms
- Simplify operational norms of rural programs
- Improve the timing in the delivery of supports, and close the gap between the actual expenditure period and the fiscal year
- Ensure continuity and consistency in program norms, including eligibility conditions, subsidy amounts, target areas and type of benefits
- Pay due attention to the need of recurrent funds for program operation, especially for productive programs

#### Organizational Cultures
- Promote the change of mistrust cultures by empowering middle managers and rationalizing the system of *ex-ante* controls
- Ensure the active participation of all relevant public institutions in the implementation of the *Ley de Desarrollo Rural Sustentable*
- Introduce M&E systems simultaneously with program design, disseminate program evaluation results, follow up recommendations with an action agenda and monitor
progress of this agenda.

- Design a long-term strategy for rural areas as *política de estado* cutting across party lines and administration terms

**Client Orientation and Beneficiary Empowerment**

- Enhance the dissemination of programs and program norms in order to empower beneficiaries and prevent selection biases.
- Disseminate evaluation results and action agendas among beneficiaries
- Promote direct accountability from program operators to client/beneficiaries
- Promote good program dissemination and participatory evaluations as a means to prevent rent-seeking behavior from program operators

**Incentives to Program Operators**

- Provide adequate economic incentives to operators and link them to performance and client satisfaction
- Develop ownership among program operators and promote their capacity and commitment through consultation with them, systematic training, networking, performance evaluations, dissemination of good practices, client orientation ethics, and a sound *esprit de corps*

**Other Specific Proposals.**

- Create a technical committee to examine the implementation issues of rural development programs
- Empower the *Consejo Mexicano para el Desarrollo Rural Sustentable* to take an active role in the evaluation of rural development programs
- Introduce *oidores* to informally monitor rural development programs at the point of service delivery and report to management
- Promote a system of “process certification” related to program operation and beneficiary participation *à la* environmental certification or account auditing

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4. **Supporting the Rural Youth as a Critical Sector for a Dynamic Rural Economy**

- Set up a land fund oriented to young landless workers complemented by a fund for investment and technology
- Allow the division of *ejido* holdings among heirs
- Introduce a program for granting some social security benefits to old farmers who decide to transfer their lands
- Facilitate the access of young rural workers to RNF occupations through support to technical and vocational training and firm start-ups
- Promote the formation of youth organizations and the networking among them
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