



## COPLA Peru

### COPLA Summary of the Research Pillar

The research pillar of COPLA Peru is focused on the small agricultural sector, which is the main livelihood source for the rural poor. Despite Peru's classification as a middle-income country, high poverty indicators persist among structural inequalities and patterns of social exclusion based on socioeconomic status, ethnicity and gender. Recent national assessments have revealed that rural poverty in Peru reaches the dramatic figure of 70%, which clearly reflects that the recent process of macroeconomic growth has been highly inequitable.

Since the 1990s, Peru has experienced a continued liberalization process which have had mixed impacts on the population. The opportunities created by such process seem to be concentrated among the export sector, which has benefited from trade tariff reductions and wider insertion to global markets. In the case of the agricultural sector, middle and large producers of niche products (asparagus, mangos, etc) have tended to concentrate the benefits of the liberalization process, whereas the social costs have been concentrated among the small rural producers.

This pillar includes the production of evidence through 01 baseline, 06 case studies and 02 macro studies linked by a transversal research question: how has international trade affected the small rural agricultural sector in Peru?. Each of these research inputs is intended to provide key evidence on the multidimensional relation between trade and poverty reduction, which will inform the communications and capacity building components of the project.

The research pillar of COPLA does have high policy significance in Peru. Firstly, the impacts of market liberalization on small agricultural producers in rural areas require to be further researched to understand how have they coped with the challenges and opportunities presented by the country's increased participation in international trade flows. Secondly, there is a need to produce evidence demonstrating that the relation between trade policy and poverty reduction is multidimensional rather than linear and that it goes beyond price fluctuations. Thirdly, sound evidence is needed to improve the level of the public debate on the opportunities and challenges presented by international trade. This is because the debate has tended to be restricted by a strong ideological polarization. Likewise, the political significance of COPLA's research pillar is high due to the current political economy context of free-trade negotiations with the US, Canada, China, among other countries; trade negotiations with the EU and the existing agreement with MERCOSUR. Expectations on the poverty reduction potential of trade are high in the public and private sectors. Therefore; producing evidence that shows how small rural producers have coped with international trade processes can make an important contribution to improve decision-making and promote a more pro-poor orientation of the trade policy processes.

The first study to be undertaken will be a two-month baseline that will explore the current position of small rural agricultural producers on the debates related to trade negotiations and complementary policies. This baseline will serve as a key input for the other research products and as basis for the monitoring and evaluation process of COPLA Peru. The five-month inter-disciplinary case studies are intended to provide qualitative evidence on how trade liberalization process has impacted on 03 types of small rural producers across the country. Focus will be given to producers of non-traditional crops (cochinilla, avocado), producers of import substitutes (milk, rice, wheat) and producers of protected crops (potato, corn, barley). This set of case studies is intended to unveil which have been the local drivers of success and/or failure, focusing on peasant adaptation and negotiation strategies. Likewise, they are also aimed at gathering evidence on which types of changes are needed to enhance the poverty reduction potential of trade policy. On the other hand, two econometric studies will be undertaken to place the case studies in the wider panorama of Peruvian economic performance.