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## Investing in rural people in **Argentina**

Argentina is the second-largest country in Latin America and has the fourth-largest population. In 2015, eight per cent of Argentina's 43 million inhabitants lived in rural areas.

With a GDP of more than US\$550 billion in 2015, the country is one of the largest economies in Latin America. It is among the world's leading food exporters and has large-scale agricultural and livestock industries. Its agricultural exports, valued at US\$72 billion in 2014, accounted for more than half of its total exports.

In 2001, Argentina suffered a severe economic and financial crisis that left 61 per cent of its people in poverty or extreme poverty. Although it has made significant progress in reducing poverty, regional and income inequalities persist. More than 1.8 million people still live in poverty, and some face economic exclusion. Indigenous communities have particularly high levels of poverty.

At least one third of the 3.5 million people in rural areas live in poverty. They have limited access to land and frequently live in less productive areas far from large markets. They also lack land tenure security.

Rural people have limited access to the technical assistance and financing they need to modernize production. Because of weak rural organizations and inadequate transportation, smallholders face difficulties in accessing markets and participating in value chains. They are also increasingly affected by environmental problems linked to climate change, including more intense and frequent droughts and floods. Areas with a high risk of desertification and water scarcity are increasing.



Argentina is among the **world's leading food exporters**

## Eradicating rural poverty in Argentina

Poverty is especially severe in indigenous communities, among farmers and rural labourers, and in large families without fixed incomes. Youth unemployment is a serious problem in rural areas, and outmigration of young rural women is common. The Government of Argentina aims to reduce rural poverty by enabling rural people to increase their income from sustainable agriculture.

The government has made reducing poverty and regional inequality a priority. For example, it launched the Belgrano Plan to promote development in the northern provinces, which includes investments in infrastructure, water and sanitation; rent and housing construction subsidies; and targeted interventions in areas with high levels of poverty. The Ministry of Agroindustry has prioritized, among other things, increasing smallholder farmers' participation in value chains and using territorial comparative advantages. It has confirmed the mandate of the Rural Change Unit (UCAR), which implements externally resourced programmes, including IFAD-financed programmes, in close coordination with the ministry.

## IFAD's strategy in Argentina

In Argentina, IFAD helps reduce rural poverty by investing in smallholder farmer organisations and indigenous communities to increase their income. The country programme strategy (2016-2021) is based on national priorities and has three strategic objectives focusing on income and strategic opportunities; human and social capital; and institutional development.

The strategy emphasizes the central role farmer and community organizations play in rural transformation processes. Key activities include:

- bolstering the economic sustainability of families and organizations by improving and diversifying productive activities, building resilience, improving their negotiating power in value chains, and promoting good nutritional practices
- strengthening the capacity of poor rural people and organizations by improving their managerial capacity, socio-economic condition, and their ability to engage in dialogue with the public sector
- building the capacity of government institutions to support rural development.

## Ongoing operations

### Goat Value Chain Development Programme (PRODECCA)

This programme promotes small-scale goat farmers' access to markets and will benefit 8,000 families in the provinces of Chaco, Formosa, Neuquén, Mendoza and Santiago del Estero. These provinces have about 60 per cent of the country's goat herds.

PRODECCA works with existing goat farmer organizations and promotes the access of vulnerable groups, especially indigenous peoples, women and youth, to markets for goat products. It will help small-scale goat farmers increase, and market, their production of meat, dairy products and fibre, especially mohair and cashmere. Programme activities will strengthen goat farmer organizations by enabling them to prepare and implement participatory business plans, and by providing basic financial education.

The underdeveloped market for goat products in Argentina is the main challenge for achieving the programme's targets. To overcome this, the programme will strengthen goat product markets by supporting market analysis, including for marketing opportunities abroad; providing technical assistance to processing companies; and promoting goat product standardization and sustainable goat management.

The programme's total cost is US\$25.4 million, including an IFAD loan of US\$12.3 million and a grant of US\$1 million. It runs from 2017 to 2023.

### Programme for Economic Insertion of Family Producers of Northern Argentina (PROCANOR)

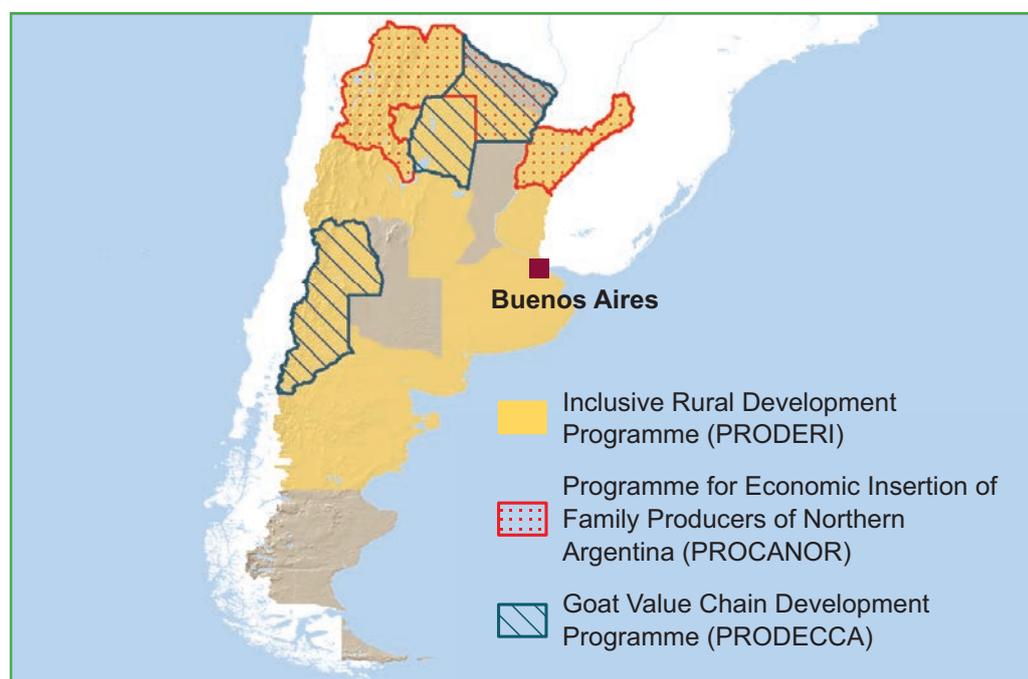
PROCANOR will benefit 8,000 families in the Greater North provinces of Argentina, especially in Catamarca, Chaco, Corrientes, Formosa, Jujuy, Misiones and Salta. The programme seeks to integrate smallholder producer organizations and indigenous communities into emerging and dynamic value chains, especially those for quinoa, potatoes, yacón (a tuber), chia, llama and vicuña products, and horticulture. It will leverage opportunities for building partnerships among agribusinesses, commercial enterprises and farmer organizations by:

- developing more inclusive markets by increasing smallholders' participation in value chains, and building partnerships between rural organizations and the private sector. Specific activities include promoting markets and creating brands, issuing certificates of origin, supporting public procurement and building market infrastructure. Moreover, it will develop technologies adapted to smallholders' needs and capacities, including creating equipment prototypes, installing laboratories and developing seed systems.
- strengthening organizations by supporting their efforts to consolidate strategic alliances, implement business plans and improve operations along the value chain
- enhancing the productivity of producer families by investing in farm assets, and providing technical assistance and training.

The programme's total cost is US\$39.2 million, including an IFAD loan of US\$24.0 million and a grant of US\$300,000. It runs from 2017 to 2022.

One third of the **3.5 million people in rural areas** live in poverty

IFAD's strategy focuses on **building human and social capital**, and institutional development



## Inclusive Rural Development Programme (PRODERI)

PRODERI is implemented in 17 provinces. It aims to reach over 25,000 poor households engaged in family farming, including 4,000 indigenous households and 8,000 especially vulnerable families (landless producers, women head of households, young people and casual wage earners). The programme will enable poor rural families to improve their quality of life and increase their incomes by:

- supporting family farmers' efforts to diversify and increase production
- improving access to markets and value chains in a stable and sustainable way
- creating partnership opportunities among the different actors in market networks
- financing investments and providing working capital to increase production, productivity and income generation opportunities
- increasing income and employment opportunities for women, young people and rural wage earners
- strengthening organizations of producers and rural poor people.

The programme's total cost is US\$149.5 million, including an IFAD loan of US\$7.8 million. It is co-financed by the Spanish Trust Fund (US\$50 million). It runs from 2011 to 2019.



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IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$18.5 billion in grants and low-interest loans to projects that have reached about 464 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

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