

profile

Number 63, September 2009

Argentina: Rural Development Project for the Northeastern Provinces

The overall objective of the Rural Development Project for the Northeastern Provinces in Argentina (PRODERNEA) was to contribute to overcoming the root causes of rural poverty in the north-east by developing production and self-management capacity as well as increasing the incomes of rural poor and indigenous people in the region. To this end, the project called for the provision of technical and financial services in support of production, as well as specific activities in support of indigenous communities. PRODERNEA was implemented in the four provinces of the north-east (Chaco, Corrientes, Formosa and Misiones).

PRODERNEA is the second phase of the Programme of Credit and Technical Support for the Small Producers in Northeast Argentina, and was declared effective in October 1998. Total project cost as originally designed was an estimated US\$36.4 million, including an IFAD loan of US\$16.5 million as well as US\$8.3 million in co-financing from the Inter-American Development Bank (IDB) and a counterpart contribution of US\$11.6 million.

Main findings

The implementation of PRODERNEA was marked by an extremely variable context, including the severe economic crisis that hit Argentina in 2001. The original design was relevant to smallholder needs; however, complex institutional arrangements and an unfavourable environment led to limited initial progress. Following a reorientation of the project undertaken in 2003, relations between national and provincial institutions improved and a more participatory, nuanced and comprehensive development vision began to prevail. The project achieved most of its objectives, with limitations under some components. Lending exceeded the targets; however, the credit fund was not institutionalized. The lack of a policy on rural finance places a constraint on the development of financial services in the country. Appropriate and economically viable technologies were disseminated through production support services, although the services provided focused on production and to a less extent on commercialization.



Formosa.
Crafts produced by indigenous
women groups.

Source: Carlos Pérez Arrarte

PRODERNEA was successful in: (i) raising the profile of family agriculture, in a country characterized by an extraordinarily entrepreneurial agriculture sector; and (ii) contributing to the formulation of specific policies at the national level, as



Province of Misiones
Greenhouse horticulture
Cooperativa Alto Uruguay II

Source: Carlos Pérez Arrarte



PROJECT DATA

Project cost: US\$36.4 million

IFAD loan: US\$16.5 million
(ordinary terms)

Counterpart
contribution: US\$11.6 million

Co-financiers
(IDB): 8.3 million
did not materialize

Cooperating
Institution: CAF (Corporación
Andina de Fomento)

Executive Board
approval: April 1996

Project
effectiveness: October 1998

Project completion: June 2007

well as subregionally through its support for the MERCOSUR Commission on Family Farming. In addition, the project promoted joint provincial and national management, improving the climate of relations between the central government and the provinces.

Moreover, the project had an impact on improving producers' incomes and assets, and on food security as a result of higher farm production. A

positive impact was also observed on living conditions for indigenous communities, including access to basic services, increased social capital and a higher profile and recognition for indigenous people, despite limited attention to cultural considerations. On the other hand, no positive contribution was made to environmental conservation or to raising environmental awareness to create the conditions for demand for a sustainable development policy.

Key recommendations

1. Negotiate a framework agreement at the national level, within which specific projects will be negotiated with each jurisdiction.

Negotiations with the provincial authorities should include the provision of explicit statements of political intent to implement them by stakeholders. Operating regulations – beyond general guidelines – should be established in the course of each specific negotiation process.

2. Strengthen social capital through partnerships among various economic actors in rural development, as a strategic thrust for development policies and projects.

It is important to transcend the bounds of family farming to encompass the development of all relevant territorial actors including existing local and regional organizations. Two key strategic elements should be: linking producers and the entire rural population with virtuous commercial and industrial value chains; linking producers with all public and private services providing support for production and a better quality of life for rural society.

3. Promote dialogue, research and design of sound rural finance policies in Argentina.

Initiatives by the Commission on Family Farming [*Reunión Especializada de Agricultura Familiar* (REAF)] provide an opportunity for dialogue among key stakeholders in agriculture and rural development. IFAD, in particular, should support such opportunities by identifying success factors in other countries and facilitating exchanges with other projects. In addition, important lessons can be drawn from successful experiences and good practices in the country, such as the Social Capital Fund (FONCAP) and cooperatives supported by PRODERNEA in Misiones.

4. Strengthen the rural technical assistance services system able to provide holistic responses to the producers' demands.

To this end, it is recommended that the range of technical services be expanded to include new areas such as marketing, commercialization and organizational strengthening. In addition, support should be provided for inter-institutional partnerships with public and private organizations [e.g. *Instituto Nacional de Tecnología Agropecuaria* (INTA)] and for institutional frameworks that promote cooperative contracting with private technicians.

5. Design and implement differentiated and specialized projects to improve living conditions for indigenous people.

These projects should be independent of those targeted to commercially-oriented family farmers, leading to effective affirmative action. They should be designed and implemented by multidisciplinary technical teams, with participation by beneficiaries.

6. Environmental sustainability should play a central role in rural development strategy.

Given the larger pressure on natural resources - resulting from the expansion of the agricultural frontier, more intensive production methods and a limited environmental awareness - there is a need for policy dialogue at all levels focusing on sustainability.



Further information:

The Argentine Republic, Rural Development Project for the Northeastern Provinces, Completion Evaluation, Report No. 2100-AR, September 2009, ISBN 978-92-9072-094-2, Office of Evaluation, IFAD, Via Paolo di Dono 44, 00142 Rome, Italy. The full report and profile are available online at www.ifad.org/evaluation; email: evaluation@ifad.org.