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**IFAD**

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

**Executive Board - Eighty-First Session**

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**ARGENTINE REPUBLIC**

**COUNTRY STRATEGIC OPPORTUNITIES PAPER**



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**CURRENCY EQUIVALENTS**

Currency Unit	=	Argentine peso (ARS)
USD 1.00	=	ARS 3.00
ARS 1.00	=	USD 0.33

**WEIGHTS AND MEASURES**

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m <sup>2</sup> )	=	10.76 square feet (ft <sup>2</sup> )
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

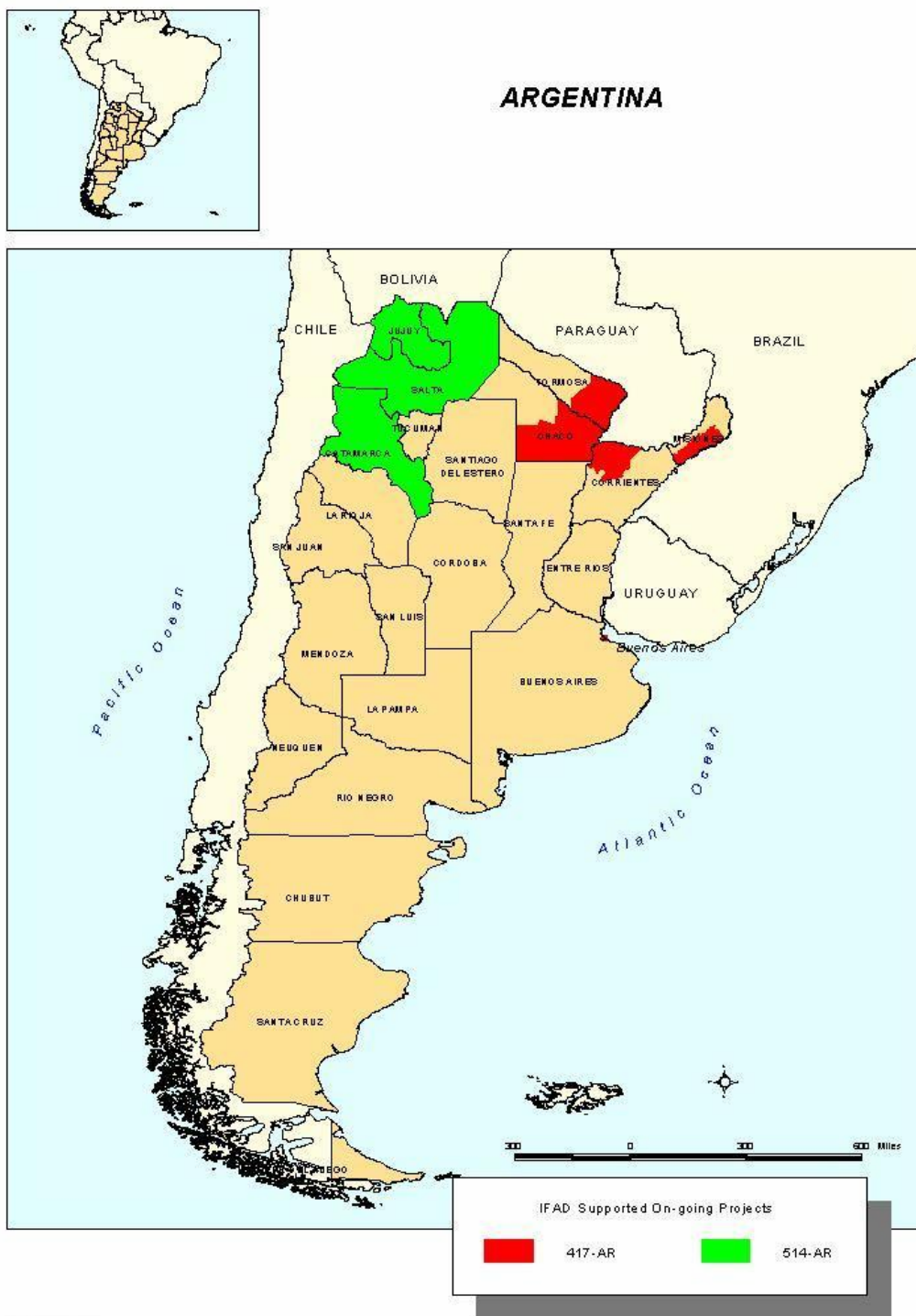
**ABBREVIATIONS AND ACRONYMS**

GEF	Global Environment Facility
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IFI	International Financial Institution
IMF	International Monetary Fund
INTA	<i>Instituto Nacional de Tecnología Agropecuaria</i> (National Institute for Agricultural Technology)
NCU	National Coordination Unit
NGO	Non-Governmental Organization
PRODERNEA	Rural Development Project for the Northeastern Provinces
PRODERNOA	North Western Rural Development Project
PROINDER	<i>Proyecto de Desarrollo de Pequeños Productores Agropecuarios</i> (Small Farmer Development Project)
PSA	<i>Programa Social Agropecuario</i> (Agrarian Social Programme)
RDC	Rural Development Commission
SAGPyA	<i>Secretaría de Agricultura, Ganadería, Pesca y Alimentos</i> (Secretariat of Agriculture, Livestock, Fisheries and Food)
UBN	Unmet Basic Needs

**GOVERNMENT OF THE ARGENTINE REPUBLIC**  
**Fiscal Year**

1 January – 31 December

MAP: LOCATION OF IFAD-FUNDED OPERATIONS



Source: IFAD

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

## IFAD PORTFOLIO OVERVIEW

Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan/Grant Acronym	Denominated Currency	Approved Loan/Grant Amount	Disbursement (as % of Approved Amount)
Programme of Credit and Technical Support for the Small Producers in Northeast Argentina	IFAD	IDB	O	15 Sep 88	17 Apr 91	30 Jun 97	L - I - 225 - AR	SDR	8 200 000	100%
Rural Development Project for the Northeastern Provinces (PRODERNEA)	IFAD	CAF	O	18 Apr 96	15 Oct 98	30 June 07	L - I - 417 - AR	SDR	11 350 000	32.54%
North Western Rural Development Project (PRODERNOA)	IFAD	CAF	O	08 Sep 99	04 Mar 03	30 Sep 08	L - I - 514 - AR	SDR	12 800 000	4.44%

Note: CAF = Andean Development Corporation  
 IDB = Inter-American Development Bank  
 O = Ordinary

**EXECUTIVE SUMMARY**

1. Argentina is located in the southern part of the American continent and covers an area of 2.7 million km<sup>2</sup>. The country is divided in 23 provinces and has one autonomous capital city. The population totals 36.2 million, including an urban population of 89% in 2001. Argentina is recovering from severe economic and financial difficulties that began at the end of 2001, when it fell into a crisis comparable with those suffered by various Asian economies in the late 1990s: gross domestic product (GDP) fell by 15% in 2002 and poverty affected 50% of the population during the last semester of the same year. Economic activities were almost paralysed during the first months of 2002 and practically all banking operations were suspended. In July 2002, growth in GDP started a slow recovery for the first time in almost four years.

2. In May 2003, a new government took office. This Government reached a three-year agreement with the International Monetary Fund (IMF) in September of the same year. This agreement prompted the renegotiation of the external debt, the renegotiation of contracts and tariffs with privatized public service firms and the restructuring of the banking sector. GDP grew by 6.5% from July 2002 and several indicators point to a sound economic recovery. However, fiscal surplus in 2004 should reach the 3% of GDP agreed with the IMF. Meanwhile, unemployment remains at 17%, almost half the population lives below the poverty line and there are signs of social unrest. Within this context, the need for rationalizing expenditure, increasing the efficiency of social service delivery and introducing innovative approaches to programme and project management has become paramount.

3. At present, poverty affects a large proportion of the Argentine population. The last available information<sup>1</sup> from June 2002 showed 58% of the total population with incomes below the income poverty line, and almost 25% living in conditions of extreme poverty. In rural areas, 72% of the total population are poor and 40% live in conditions of extreme poverty. These figures imply that approximately 2.8 million rural inhabitants are poor. Extreme poverty affects 1.6 million people in rural areas. A large proportion of the rural poor are located in the northern provinces of the country, although there are also areas in the south where rural poverty is significant. In the Northwestern region around 51% of the rural population are poor while in the Northeastern region, this figure stands at 48% (applying the Unmet Basic Needs (UBN) indicator)<sup>2</sup>. The Patagonia region follows with a rural poverty incidence of 32%. Less affected by rural poverty are Cuyo and the Pampas regions (with a 30% and 18% incidence of rural poverty respectively). It is estimated that most rural poor households are headed by rural workers (32%), half of whom are estimated to be permanent workers. Small farmers head 23% of total rural poor households. Non-agricultural wage-earning heads of rural households represent 13% of the total while rural microentrepreneurs account for 7%; the remainder includes housewives and youth. Low salaries and incomes, non-enforcement of rural labour legislation, unemployment and lack of access to productive assets are the main causes of rural poverty in the country. The lack of adequate housing facilities for rural workers is one of the main UBN identified (affecting 86% of the total). The most vulnerable groups are elderly retired people, rural women and children of all ages. Indigenous communities, generally located in rural areas, are also among those most affected by poverty.

4. The devaluation of the national currency provides a favourable environment for agricultural and rural-based production. This scenario should endure in the medium-term given both the present, as well as the more encouraging future macroeconomic situation. At the national level, several institutions coordinated by the Secretariat of Agriculture, Livestock, Fisheries and Food (SAGPyA), are responsible for the provision of technical support services, agricultural research, and plant and animal health services. Financial services are also regulated at the national level, as is labour legislation. However, central Government has no jurisdiction over land and natural resource

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<sup>1</sup> World Bank. November 2002. "Argentina's Crisis and Its Impact on Household Welfare".

<sup>2</sup> Two IFAD projects (Rural Development Project for the Northeastern Provinces and North Western Rural Development Project) are presently under implementation in these regions.



conservation and management, areas legally reserved for provincial governments. There is an overlap in central areas such as the provision of social services and infrastructure. Rural development policies are coordinated by the Rural Development Commission (RDC) at the national level. In some provinces rural poverty reduction policies are directed at specific assistance to rural workers and the landless while in others the focus is on the needs of the smallholder sector. At the national level, the Agrarian Social Programme (PSA) and Small Farmer Development Project<sup>3</sup> (PROINDER), concentrate actions on small poor farmers and temporary workers. For the smallholder sector, a differentiated rural development strategy is adopted with one category composed of smallholders with production potential but inadequate links to markets for goods and services, while a second category is composed of indigenous communities who live in very harsh environments with few contacts with markets. Several programmes already address the needs of these two groups. In spite of these efforts, the coverage is still partial. Furthermore, the provinces are striving for more autonomy in the design and execution of rural development and rural poverty reduction programmes. IFAD's contribution to the recovery of Argentina's economy will involve sustained support to national policies for rural development and rural poverty reduction. In addition, IFAD's unique experience in dealing with provincial government for project execution is an important asset for future interventions. Opportunities exist for the formulation and implementation of additional projects not only in the north, but in other regions of the country. The Government of Argentina agrees that enhancing local empowerment, facilitating market access and developing relevant markets for the rural poor, represent core components in the proposed strategy for Argentina.

5. The Government sees IFAD as an active agent for innovation in rural development and rural poverty reduction policies and recognizes the need to: (i) deepen IFAD's intervention by building on the Rural Development Project for the Northeastern Provinces (PRODERNEA) and North Western Rural Development Project (PRODERNOA), both ongoing, and related activities, and also by initiating a new project with specific characteristics; (ii) enhance the catalytic effect of IFAD's interventions through the provision of support for institutional change, policy dialogue, innovation and communication, and the strengthening of links with other IFAD initiatives in Latin America. In particular, IFAD's experience with indigenous communities in other countries of the region is seen as an important knowledge asset to be shared with national projects; (iii) support social capital development in rural areas. IFAD emphasizes the role of alliances and innovative cooperation arrangements involving community-based organizations, private entrepreneurs and public agencies. This opens up the possibility of investing in rural social capital development tied to key policy issues (namely rural microenterprise, access to rural technical and financial services, income-generation through mini-chains for added value, and patrimonial valorization strategies) included in the Government's rural development strategy; and (iv) promote programmes directed at permanent rural workers as an innovative area of rural poverty reduction. IFAD would be a conceptual sponsor of such initiatives rather than the main financing agency. IFAD's experiences as a promoter of rural microenterprises as road builders (for example, in Colombia) are considered very important for this policy and for related projects.

6. In Argentina, poverty reduction is closely linked with tackling the issue of income inequality and access. The Fund's approach should therefore focus on activities that can promote income-generation, human and social capital development, and also participation and empowerment of the rural poor. Sustainable economic activities, including agriculture, non-agricultural production and rural employment, should be used as the first step towards a more equitable society. Human and social capital improvement and the active participation and empowerment of rural base organizations are also crucial to poverty reduction.

7. Support for the establishment of an institutional structure capable of planning, implementing and monitoring poverty reduction and rural development programmes will be part of IFAD's strategic approach in Argentina. Participation in the design of poverty eradication and rural development

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<sup>3</sup> The largest national project for rural poverty reduction.

strategies and the accompanying operational structure, will be key to the Fund's country activities, policy dialogue and its strategic linkages with other donors. Since rural women are among the poorest of the poor, continuous and systematic efforts will be made to consolidate and further advance the poverty reduction gains already made in their favour by IFAD projects. The proposed country strategic framework identifies four strategic thrusts, as follows: (i) income-generation; (ii) human and social capital development; (iii) local capacity-building; and (iv) coordination mechanisms with provincial governments.

8. A set of thematic areas of opportunity where IFAD's experience is of particular interest to Argentina has been identified, as follows: (i) **support to indigenous communities** by means of effective stakeholder organizations and the enhancement of productive and social activities oriented towards market integration of these communities, which preserve their cultural identity; (ii) **development of specialized non-financial service markets** by stimulating the provision of technical assistance (for production, processing, commerce, legal affairs, etc.) contracted directly by the beneficiaries from local suppliers and under market conditions; (iii) **sustainable management of natural resources and preserving the value of the biological and cultural patrimony**. The International NGO Network on Desertification and Drought (RIOD), an initiative fostered by the Global Mechanism of the United Nations Convention to Combat Desertification, bringing together more than 3 000 non-governmental organizations (NGOs) and grass-roots organizations, could provide a valuable resource in this context; (iv) **development of 'regional clusters' or economic corridors** with the purpose of linking rural areas, villages and intermediate towns, on the basis of strong local identities, to create an integrated regional development approach as a frame in which rural development initiatives are fostered; and (v) **development of markets for rural financial services**, by providing rural financial services responsive to the needs of rural poor, small-scale economic agents and organizations. These are the main areas of innovation where IFAD could play a significant role in enhancing current government policies and programmes in the country.

9. Adequate regional targeting is particularly relevant in the context of the current political and fiscal crisis. The fiscal situation at the provincial level should be carefully examined in order to make appropriate financing decisions. IFAD's experience would be transferred through specific investments (projects), which would also be supplemented by visits ('learning routes') to other IFAD projects in the region. Relevant experiences would be sought and adapted to the specific conditions of the country. These activities would provide inputs to a permanent policy dialogue on rural development and anti-poverty objectives. This would also highlight the catalytic effect of IFAD's activities while enabling potential synergies with other funding agencies. Given the magnitude of the present economic crisis and its negative impact on the country's poorest households, all international financial institutions (IFIs) have expressed their concern and willingness to help the Government. Future IFAD operations in the country should seek cofinancing and/or other types of collaboration with IFIs and other bilateral donors.

10. The Government has expressed the wish to extend interventions beyond the northern provinces, and gradually to cover other regions with significant levels of rural poverty. In this regard, IFAD and the Government have identified a proposed investment programme, which includes the Rural Development and Indigenous Communities Support Project in the Patagonia Region with an estimated total cost of USD 22 million, to be developed during 2004 and implemented in 2005.

11. The Government has indicated that priority will be given to the Patagonia region. The rationale for this selection is as follows: (i) Patagonia has the highest incidence of rural poverty after the Northwestern and Northeastern regions, already covered by IFAD-funded projects; (ii) the size of the target group and the corresponding total project cost; (iii) the significant number of indigenous communities (*Mapuches*) living in poverty in the region; (iv) the provinces of Patagonia (Chubut, Neuquén, Río Negro, Santa Cruz and Tierra del Fuego) have good fiscal situations, which should ensure adequate budget allocations and rapid project implementation; (v) provincial authorities have expressed their interest in participating in the proposed project; and (vi) there are various ongoing

initiatives in the region financed by other IFIs (for instance a Global Environment Facility project of USD 20 million and a new project by the Inter-American Development Bank in Río Negro of USD 86 million), whose activities could be coordinated with the proposed IFAD project.



## ARGENTINE REPUBLIC

### COUNTRY STRATEGIC OPPORTUNITIES PAPER

#### I. INTRODUCTION

1. IFAD has had a long-standing involvement in Argentina. In 1983, IFAD received the first request for the formulation of a rural development project in the northern provinces of the country. This request produced the first IFAD operation in Argentina: Loan 225-AR of SDR 8.2 million, approved in 1988 to finance the Programme of Credit and Technical Support for the Small Producers in Northeast Argentina, cofinanced with the Inter-American Development Bank (IDB). In 1993, IFAD organized the identification of the Small Farmer Development Project (PROINDER), inviting the World Bank to act as cofinancier. Most of the concepts and elements of this proposal were adopted in 1995 for the design and implementation of the Agrarian Social Programme (PSA) financed exclusively with local funds and still under execution. In 1997, as a complement to PSA, the World Bank financed PROINDER. In the meanwhile, IFAD approved Loan 417-AR (1996) of SDR 11.3 million to finance the Rural Development Project for the Northeastern Provinces (PRODERNEA), currently under implementation. In September 1999, a third project (Loan 514-AR of SDR 12.8 million) was approved by IFAD's Executive Board, namely the North Western Rural Development Project (PRODERNOA).

2. This Country Strategic Opportunities Paper (COSOP) was prepared between March and April 2003 and finalized in October of the same year so as to incorporate the views of the new Government, which took office in May 2003. It follows agreements reached between Argentina's Secretary of Agriculture, Livestock, Fisheries and Food and IFAD's Director of Latin America and the Caribbean Division during a visit to the country in November 2002. Both parties agreed to field a strategic mission to identify project profiles and areas of intervention for future IFAD operations.<sup>1</sup> The opportunity for carrying out COSOP preparation was identified in close coordination with the Government.

#### II. ECONOMIC, SECTORAL AND RURAL POVERTY CONTEXT

##### A.. Country Economic Background

3. Argentina is located in the southern part of the American continent between 22 and 55 degrees latitude south and 54 to 67 degrees longitude west. It covers a surface of 2.7 million km<sup>2</sup>. A third of the country's surface is humid: 10% mountainous sub-tropical forests and 20% composed of humid plain areas or 'pampas'. Two thirds of the national territory is composed of arid and semi-arid areas with prolonged periods of drought. The country is divided in 23 provinces and has one autonomous capital city. In accordance with the political constitution, provinces are part of a federal republic. The national Government and each of the provincial governments include three main branches: executive, legislative and judicial. Total population is 36.2 million (Census 2001). Demographic growth is 1.4% per annum. Urban population accounts for 89% of total inhabitants (2001).

4. Argentina is recovering from a severe economic and financial crisis that exploded at the end of 2001. After almost four years of gross domestic product (GDP) stagnation, with open unemployment at 20%, the country went through a systemic banking sector crisis (with almost USD 30 billion capital outflows in the last six months of 2001) that led to drastic controls of current and savings accounts. This, in turn, provoked a formidable social and political crisis, which brought the resignation of the

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<sup>1</sup> An IFAD mission visited the country in March 2003. A short complementary mission was fielded in October 2003, to hear the views of the new government that took over in May of that year. Meetings were held with government authorities and organizations of the involved regions/provinces.

President, and the devaluation of the national currency, which reached almost 300% at the end of the first quarter of 2002. The country's public debt in bonds, of almost USD 90 billion, has been in default since the beginning of 2002.

5. The once richest and most diversified economy of Latin America fell into a severe crisis comparable with those suffered by various Asian economies in the late 1990s. GDP fell by 15% in 2002. Poverty affected 50% of the population during the last semester of the same year. Numerous cases of child malnutrition and even famine have been recorded in the country. Economic activities were almost paralysed during the first months of 2002 and practically all banking operations were suspended.

6. In May 2003, a new Government took over. This Government reached a three-year agreement with the International Monetary Fund (IMF) in September of the same year. The agreement opened the way for the renegotiation of external debt (first with international financial institutions and later with private creditors), the renegotiation of contracts and tariffs with the privatized public service firms, and the restructuring of the banking sector. GDP grew by 6.5% from July 2002 and several indicators point to a sound economic recovery. However, fiscal surplus for 2004 must reach the 3% of GDP agreed with the IMF. Meanwhile, unemployment remains high at 17%, almost half the population lives below the poverty line and there are signs of social unrest.

### **B. The Agricultural Sector and Rural Development**

7. The agricultural sector represented 6.2% of GDP in 2001 (compared with 5.5% in 1993).<sup>2</sup> Crops represent almost 60% of the sector value added. Livestock accounts for 38% and the rest is divided between fisheries and forestry. Almost 53% of total exports are agricultural and agro-industrial products. The sector also provided 10-13% of national employment. Main crops are soya, wheat, maize, sunflower, rice, sugar and fruits. Bovine livestock amount to around 47 million heads followed by ovine livestock at 12.5 million and goats at four million. Approximately 32 million hectares (ha) are cultivated with cereals and oilseeds producing a total of little more than 70 million tonnes (2002). Agricultural production in Argentina is concentrated geographically in the Pampas region where almost 80% of total sector GDP is generated. This region possesses 87% of the total cultivable area of the country and an ideal climate for agriculture and livestock. However, the rural population of the Pampas is only 32% of total rural population.

8. There are 318 000 agricultural production units<sup>3</sup> (423 000 in 1988 census) covering 171 million ha (30.7 million ha of crops, 85 million ha of natural pasture lands and the rest includes natural forests and idle land). Half of the farms have an area of less than 50 ha and cover only 8.5% of total agricultural land (1988) although preliminary data from the 2002 Agricultural Census indicates that this stratum of farms has diminished. Given the diversity of the agro-ecological regions and the corresponding differences in productivity of land, the size of holdings across the country is not an adequate indicator of wealth. For example, 1 000 ha in the cold and arid tundra of Patagonia produce less income than 10 ha of fruits in the irrigated valleys of Cuyo or 60 ha of a dairy farm in the Pampas region. Most of the smallholdings are located in the northern region. Approximately 40 000 farms do not have land titles.

9. The number of rural households is estimated at one million. According to 1991 data, 230 000 rural households are headed by farmers, 240 000 by agricultural workers and 570 000 by the landless, a group that includes the retired population (almost 18% of total). Almost 500 000 households have living quarters on farm plots while the rest are located in small towns with a population of below 2 000 people.

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<sup>2</sup> The share of agriculture value added in GDP in the 1990s reflected the overvaluation of the national currency.

<sup>3</sup> Preliminary data from Agricultural Census 2002.

10. The devaluation of the Brazilian real in 1999 and higher real interest rates from 2000 have hindered agricultural production in the last four years. Many farmers were highly indebted, the profitability of numerous farms became negative and several production crises were recorded: i.e. dairy production, wool, cotton, etc. After the general crisis of 2001, the devaluation of the Argentine peso provided strong incentives for agricultural production. As a result, in spite of numerous obstacles generated by the financial crisis, the sector initiated a vigorous recovery with a significant increase in the cultivated area (mainly with soya). The 2002/2003 harvest reached a record high of more than 70 million tonnes of cereals and oilseeds.

11. Export taxes had been eliminated at the beginning of the 1990s. In 2002, the Government imposed export taxes for agricultural products. On average, these taxes represent 20% of export values. Farmers have contested this decision but it is widely recognized that even with the taxes, profitability has largely been recuperated. Most of the resulting fiscal incomes have been directed towards the financing of social compensation programmes. Forecasts for the next five years include good prospects for Argentine agriculture. In addition to the incentives generated by the peso devaluation, it is expected that the export taxes will diminish over time. Moreover, international markets for Argentina's main agricultural products should maintain acceptable prices (especially for oilseeds and vegetable oils, fruits, wine and fish).

12. Structural reforms carried out during the 1990s modified and dismantled public institutions related to the trade of cereals and meat. However, these reforms had no negative impact on the National Institute for Agricultural Technology (INTA), the National Service for Plant and Animal Health or the *Banco de la Nación Argentina* (National Bank) which is the main source of agricultural credit in the country. In addition, in recent years, several programmes and projects have been established within the framework of the Secretariat of Agriculture, Livestock, Fisheries and Food (SAGPyA) with the objective of increasing support services for farmers in the provinces and providing special assistance to the smallholder sector and the rural poor.

### C. Rural Poverty

13. As a result of the economic crisis, the level of poverty rose from 37% in 2001 to a peak of 58% at the end of 2002. The number of people living below the extreme poverty (indigence) line doubled. Income distribution worsened, suggesting that the poorest segment of the population suffered more than the non-poor. The sharp rise in poverty in great part has been due to unemployment and the rise in the price of food (food represents a major portion of the expenditure of the poor). Last available information<sup>4</sup> shows that 58% of the total population had incomes below the income poverty line in June 2003, while almost 25% were living in conditions of extreme poverty. Per capita GDP has declined sharply to an estimated USD 2 695 in 2002, down from USD 8 210 in 1998.<sup>5</sup>

14. Poverty is measured using the Government of Argentina's poverty line calculated through the Permanent Household Survey, a biannual survey of 30 000 urban households, covering 70% of the urban population. Consequently, the surveys bypass the inhabitants of small urban centres and the entire rural population, who typically have a higher average poverty rate. A limited survey of 2 800 households undertaken by the World Bank in 2002 showed a poverty rate of 53% in urban areas and 73% in rural areas.<sup>6</sup> These figures imply that approximately 19.2 million of the population are poor. In the cities, the poor total 17.1 million. The rural poor number 2.8 million (or approximately

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<sup>4</sup> World Bank. Crisis and Poverty 2003: A poverty assessment. July 2003. Report No. 26127-AR.

<sup>5</sup> World Bank. 2003. *ibid.*

<sup>6</sup> World Bank. Crisis and Poverty 2003: A poverty assessment. Part II. Background Paper 1. July 2003. Report No. 26127-AR.

0.7 million households). Extreme poverty affects almost 7.4 million urban people, and 1.6 million people in rural areas.

15. A large proportion of the rural poor are located in the northern provinces of the country, but there are also areas in the south where rural poverty is still significant. In the Northwestern region around 51% of the rural population are poor, while 48% of the total rural population in the Northeastern region live in poverty (applying the Unmet Basic Needs (UBN) indicator). The Patagonia region follows with a rural poverty incidence of 32%.

16. Income inequality, low salaries and incomes, non-enforcement of rural labour legislation, unemployment and lack of access to productive assets and services are the main sources of rural poverty in the country. The lack of adequate housing facilities for rural workers is one of the main UBN identified (86% of total UBN rural households). This problem persists despite existing legislation that obliges agricultural entrepreneurs to provide adequate facilities to their workers. Poverty seriously affects human well-being in rural areas. Infant malnutrition is present and school attendance in rural areas is below the national average. In addition, many rural households still lack several basic services.

17. Vulnerable groups in rural areas are experiencing particularly harsh conditions of poverty. Rural women and children of all ages represent the most vulnerable groups. Indigenous communities, generally located in rural areas, are also among those most severely affected by poverty.

18. **Gender and rural women.** According to available data, approximately 90 000 rural households are headed by women. Out of this number, 69 000 households are headed by 'economically inactive' or unemployed women. This is an indicator of extreme poverty since most of the women have no permanent income. The incidence of poverty among this rural group (measured by UBN) is higher than average. Almost 48% of rural households headed by women are poor.

#### D. Constraints on and Opportunities for Rural Poverty Reduction

19. Rural development policies have both a national and provincial character. At the national level, several institutions are responsible for the provision of technical support services, agricultural research, and plant and animal health services. Both financial services and labour legislation are addressed within a national framework. However, the national Government has no jurisdiction over land and natural resource conservation and management, areas legally reserved for provincial governments. There are also some overlapping areas of policy action such as the provision of social services and infrastructure.

20. Both the rural population and rural poor in Argentina are mostly composed of workers (32%) and landless (25%) who either have temporary jobs, or are unemployed or retired. The smallholder sector accounts for about 23% of total rural households. This scenario varies according to region and province. The landless population work mainly as temporary rural workers. Several ongoing programmes (among them, PROINDER and PRODERNOA) provide support for the establishment and development of rural microenterprises as a means of helping these groups increase and diversify their incomes. However, lack of adequate management, both at the national and provincial level, has so far hindered the effectiveness of these programmes. Also, the absence of effective empowerment and grass-roots participation is seen as a major contributor to these failures.

21. For the smallholder sector a differentiated rural development strategy is foreseen. Two main categories have been identified. The first and largest is composed of **smallholders with production and productivity potential whose inadequate links to markets for goods and services inhibit the development of their farming activities**, keeping their incomes below the absolute poverty line. The second group is composed of **indigenous communities** who live in very harsh environments with few contacts with markets and generally have incomes that place them below the critical poverty line.



22. The first category is assisted by rural development policies aimed at modernizing production conditions, strengthening organizations and market linkages, and integrating them into the services market (i.e. technical and financial markets). The policy objective for this group is that of eradicating poverty and fostering competitiveness. The second group is subject to rural poverty reduction policies. The policy objective for the destitute is that of raising their incomes, on sustainable basis, above the critical poverty line. These policies have been conceived as social compensation policies to support these groups for a transition period until structural changes (training, migration, access to land in other locations, etc.) can alter their living conditions.

23. **The strategy involves the implementation of programmes and projects that link investments and technical assistance with the necessary training.** The strategy is based on the associative capacity of small-scale producers to achieve significant increases in their incomes and in their entrepreneurial development.

24. The reduction of the role of the public sector in the economy has had an impact at both the national and provincial level. It is now the general consensus that rural development programmes should introduce sustainable mechanisms and the growing participation of the private sector. Therefore, all policies and programmes are designed with the following attributes: (i) outsourcing; (ii) participation; (iii) beneficiary cost-sharing; (iv) support for decentralization; and (v) coordination among the public and private sectors, and non-governmental organizations (NGOs).

### **E. National Strategy for Rural Poverty Reduction**

25. The formulation and implementation of poverty reduction policies are recurring themes in Argentina. This trend started in the 1980s, endured under different administrations and continues today. IFAD was the first international agency to provide support for the Constitutional Government that took over in 1983. Subsequently, over the last two decades, the IDB and World Bank have supported several projects for agricultural and rural development. Paradoxically, in spite of these efforts, growing income poverty accompanied by social injustice and unrest in rural society is on the increase.

26. The Government has made a major effort to maintain and expand social spending, particularly spending targeted at the poor (safety nets). Total social expenditure has increased as a share of the budget, but declined by 32% in real terms.<sup>7</sup> Funds destined for the poor have been increased by 21%, a considerable achievement in light of the budgetary problems facing the Government during the crisis. However, the large increment in the number of poor households means that real spending per poor person has actually declined by 16%. As indicated by the World Bank,<sup>8</sup> government political willingness and efforts to focus on and increase resources for the poor, have been outpaced by the significant growth in poverty.

27. The basic institutional frame for rural development policies operates at the national and the provincial level. At the **national level**, SAGPyA is responsible for developing and implementing agricultural and rural sector policies, programmes and projects. The Undersecretariat of Agricultural Economy coordinates project implementation. The Directorate of Agricultural Development is in charge of planning and project formulation. INTA works in all provinces. In addition to agricultural research, it carries out a national extension programme (*Cambio Rural*), which assists medium-sized farms. Also, INTA provides support to PROHUERTA, a social programme financed by the Ministry of Social Development. INTA has introduced several sustainable mechanisms for the provision of technical assistance services such as outsourcing, beneficiary cost-sharing and sustained coordination with provincial systems. In addition, there are national universities in almost all provinces and their

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<sup>7</sup> World Bank. Crisis and Poverty 2003: A poverty assessment. July 2003. Report No. 26127-AR.

<sup>8</sup> World Bank. 2003. *ibid*.

agronomic and veterinarian departments provide research and extension services at the local level. The Government-owned *Banco de la Nación Argentina* is the main source of agricultural credit in the country. At the **provincial level** there are Ministries of Agriculture (or equivalents) that carry out provincial rural development policies. Coordination between provincial and national policies is fostered through the Federal Agricultural Council, which is chaired by SAGPyA and composed of the 23 provincial ministers for agriculture.

28. The Government is aware that the traditional set of rural development policies being applied in the country through various programmes and projects is not enough to effectively overcome rural poverty. There is a growing consensus that what is needed is a combination of social investment in public goods and services along with the implementation of flexible mechanisms for allocating funds to initiatives proposed by the rural poor. Such a strategy would also provide support for the development of relevant local and regional markets. This new approach, although already being implemented under some programmes (e.g. PSA, PROINDER, PRODERNOA and some provincial initiatives) still lacks a clear strategy and policy measures, and a regular flow of resources.

29. The Government has established the Rural Development Commission (RDC) within SAGPyA. This commission, created in March 1999, is chaired by the Undersecretary of Agricultural Economy. The functions of the commission are: (i) defining and implementing rural development strategy; (ii) proposing measures for achieving complementarity and efficiency among the different programmes, projects and jurisdictions; (iii) facilitating the coordination of SAGPyA programmes with the provinces, and with other organizations dealing with small farmers; (iv) analysing and approving general guidelines for the execution of research activities for appropriate technologies for small farmers; (v) identifying studies to promote effective rural development; (vi) generating new policies and action proposals; and, (vii) formulating recommendations to other government areas in relation to rural development policies.

30. The Government requested IFAD's support to optimize preparation and implementation of many of the newly proposed policies and programmes. This support is not seen merely in terms of financial contributions, but also as an opportunity to draw on IFAD's experiences and innovative approaches and techniques.

### III. LESSONS FROM IFAD'S EXPERIENCE IN THE COUNTRY

#### A. Present Strategy and Operations

31. For almost 18 years, IFAD has participated in the formulation and execution of rural development policies to combat rural poverty in Argentina. Its first intervention was the Programme of Credit and Technical Support for the Small Producers in Northeast Argentina. This programme was cofinanced with the IDB, which financed the credit component from 1992-96. IFAD funds were used for institutional strengthening, training, research, technology transfer and land-titling.

32. At present, IFAD has two projects under implementation in the country. The first is the Rural Development Project for the Northeastern Provinces (PRODERNEA), which is the second phase of the above-mentioned project (paragraph 31), and covers four provinces in the Northeast. Approved in 1996, this project has experienced very slow implementation and disbursements. Most of the problems arose when the Provincial Congresses failed to approve the laws required to authorize the loans (subsidiary loan agreements). These delays stemmed from the fiscal difficulties prevalent in the northern provinces during the late 1990s.

33. The second project, the North Western Rural Development Project (PRODERNOA) covers three provinces in Northwest Argentina. In this case, project design includes a set of innovations and characteristics that aim to foster the participation of grass-roots organizations and to develop markets for technical and financial services for the rural poor. The loan was approved in 1999 but the project

only began operations at the provincial level in 2003. So far, only one province (Catamarca) has signed the subsidiary loan agreement. Once again obstacles are caused by the concerned provinces' fiscal crisis, which has worsened in the last three years, and by the lack of adequate management at the national level. The Catamarca project was launched in March 2003.

### **B. Lessons Learned**

34. The main lessons learned in the implementation of rural development projects in Argentina are as follows:

- Decentralization in Argentina is granted by law since it is a Federal Republic where each province and municipality is autonomous and has its own authorities elected by the people. However, formal decentralization does not ensure real ownership or effective participation by programme and project stakeholders. If no specific measures are taken, 'top-down' approaches to rural development tend to be adopted by local authorities, jeopardizing the participation of beneficiaries' and grass-roots organizations.
- Financial decentralization by means of subsidiary loan agreements to local governments does not guarantee adequate and timely implementation of rural development and poverty reduction projects. The fiscal situation at the provincial level needs better appraisal in order to avoid delays or even suspension of project implementation due to budget constraints at the provincial level.
- In some cases and for some activities it may be more efficient to allocate more resources at the national (i.e. federal) level to ensure effective project implementation. A good example of this has been the successful implementation of PSA between 1995 and 1997. However, budget constraints at the national level have severely hindered the sustainability of this programme, as has been the case for PROINDER's low disbursements.
- Stronger national coordination units are needed to facilitate the adoption of rural development policies at the provincial level. The experience of the PSA in Argentina has shown that with adequate local participation mechanisms, a national programme can achieve important goals faster and more efficiently than several projects implemented by local authorities.
- Targeting should be consistent with project actions and tools. For example, the granting of institutional credit to precarious tenants in the Programme of Credit and Technical Support for the Small Producers in Northeast Argentina led to high delinquency rates and the deviation of funds to landowners. A pending issue in various regions is the identification of adequate policy measures to improve the housing and other social conditions of permanent rural workers (25% of total rural poor) who show the highest incidence of poverty of the rural population (half of these workers are poor).
- Indigenous communities have not been properly assisted by IFAD interventions. Both ongoing operations include components to respond to the needs of these communities but so far no real progress has been made. The lack of experts in both the national coordination unit and the provincial execution units should be addressed.
- Markets for rural technical services are still underdeveloped. The reforms introduced in PRODERNEA and future implementation of PRODERNOA could test proposed initiatives and provide a better basis and lessons for expanding new approaches.
- The effective fostering of local empowerment and participation of grass-roots organizations have yet to been realized in IFAD projects in the country. These issues have been addressed by a recent reformulation of PRODERNEA.
- Financial services for the rural poor remain undeveloped in Argentina. No project has achieved meaningful results in this matter. General credit bylaws established in the 1990s are too rigid

and inappropriate for the rural poor. Positive experiences at the local level (i.e. credit unions funded by external donors) need better analysis, so that they can inform future projects in the country.

#### IV. STRATEGIC FRAMEWORK FOR IFAD

##### A. IFAD's Strategic Niche and Proposed Thrusts

35. The economic crisis of 2002 and its impact on the rural population have generated renewed determination on the part of the Government to combat rural poverty. Within a general framework of economic recovery and rehabilitation, the Government is giving priority to rural development policies that will ensure equitable distribution of the expected benefits of future economic recovery. The macroeconomic scenario for the next five to seven years should guarantee strong incentives for agricultural production and exports.

36. Rural poverty in Argentina relates to a variety of structural and other problems. The Government is actively seeking ways to design innovative approaches that can address both the particular situation of rural workers, and improve ongoing programmes aimed at small farmers. In particular, the Government is looking for support in the formulation and implementation of projects for helping indigenous communities in different parts of the country. It is also identifying better methods of project implementation, capable of ensuring effective local empowerment and greater grass-roots participation.<sup>9</sup> This will probably involve a combination of social investment in public goods and services, with support for the development of relevant local and regional markets.

37. IFAD's contribution to the recovery of the Argentine economy will involve continuous support to national policies for rural development and rural poverty reduction. It will achieve this by providing appropriate approaches, sharing experience and helping the Government design and adopt adequate mechanisms for its national policies. IFAD's unique experience in dealing with provincial governments for project execution is a particularly important asset for future interventions.

38. In addition, enhancing local empowerment, facilitating market access and developing relevant markets for the rural poor will be core components in the proposed country strategy. These principles structure IFAD's strategic framework for development and poverty reduction in rural Latin America and the Caribbean region. In addition to the observance of these strategic guidelines, priority will be given to rural areas with a high incidence of small poor farmers and indigenous communities.

39. In Argentina, rural poverty reduction is closely linked with tackling the issue of income inequality and access. Consequently, IFAD should focus on activities that can promote income-generation, human and social capital development, and the participation and empowerment of the rural poor. Sustainable economic activities, including agriculture, non-agricultural production and rural employment, should be the first step towards a more equitable society. Human and social capital improvement and active participation and empowerment of rural base organizations are also key to poverty reduction.

40. Support for the establishment of an institutional structure capable of planning, implementing and monitoring poverty reduction and rural development programmes will be a part of IFAD's strategic approach in Argentina. Participation in the design of poverty eradication and rural development strategy and its accompanying operational structure will underpin the Fund's country

<sup>9</sup> Several studies have been carried out in recent years to understand better the nature and characteristics of Argentina's rural poor. Most of these have been undertaken by the National Directorate of Agricultural Development, with financing by PROINDER (see Murmis, M. "Pobreza Rural" and Craviotti, L. "La focalización en PROINDER"; Baudrón, S. and Gerardi, A. "Los asalariados agropecuarios en la Argentina: Aportes para el conocimiento de su problemática", etc.).

activities, policy dialogue and its strategic linkages with other donors. Since rural women are among the poorest of the poor, sustained and systematic efforts will be made to consolidate and further advance poverty eradication gains in their favour already made by IFAD projects. The proposed country strategic framework identifies four strategic thrusts, described below.

41. **Income-generation.** Sustained effort and resources are needed to redress the low-income levels of Argentina's rural population. In this context, agricultural and non-agricultural production, and off-farm local and urban labour opportunities will be promoted. Agricultural innovations, alternative high-income crops and cutting-edge technologies should be introduced to farmers' groups in order to facilitate their participation in local, national and regional markets. Production services for agricultural and small rural enterprises will be demand-led using participatory mechanisms already implemented by IFAD projects. Market opportunities will guide the planning of technical support services for agricultural and small rural enterprises, which will favour productive technologies for those products with high market demand. Training for labour skills and employment will be an integral part of the rural services offered to the rural poor, with particular emphasis on youth and women's groups from indigenous communities.

42. **Human and social capital development.** As a starting point, IFAD's strategic framework will apply a range of actions specifically related to developing human capital among the vulnerable rural poor. This thrust involves four complementary sets of activities: (i) strengthening rural grass-roots organizations; (ii) strengthening the organized participation of rural organizations in the poverty reduction and rural development programmes of provincial and central government; (iii) improving living conditions (housing, sanitation and basic services); and (iv) improving access to health, education and child nutrition services. Particular attention will be paid to strengthening the organizations of indigenous groups and women through leadership training and support services. Empowerment of the rural poor and their grass-roots organizations is the ultimate goal of this thrust.

43. **Capacity-building.** A major goal of the Government's social agenda for rural poverty reduction, and social and economic development is the reorganization and strengthening of the public sector. This thrust should therefore focus on building an effective and appropriate framework, capable of undertaking agricultural and rural development responsibilities within a demand-led and participatory scheme. In the next steps of the project cycle, IFAD needs to explore opportunities for collaboration and their potential advantages with multilateral and bilateral partners in this field.

44. **Interaction with provincial governments.** IFAD should enhance ways of facilitating communication with provincial governments, in order to articulate in a participative manner local/regional poverty reduction programmes, and identify inter-relationships and coordinating mechanisms between central and provincial government. In this context, experience gained during implementation of IFAD projects in Brazil and Mexico (both with federal governments) could provide useful lessons.

## B. Main Opportunities for Innovations and Project Interventions

45. Argentina provides a wide spectrum of opportunities for IFAD interventions and, particularly, for consolidating IFAD's role as an active agent of innovation in rural development and rural poverty eradication policies. In this respect, the Government frames IFAD activities within the following guidelines.

- **Supporting social capital development in rural areas.** IFAD emphasizes the role of alliances and innovative cooperation arrangements involving community-based organizations, private entrepreneurs and public agencies. This opens up the possibility of investing in rural social capital development tied to key policy issues (namely rural microenterprise, access to rural technical and financial services, income-generation through mini-chains for added value, and patrimonial valorization strategies) included in the Government's rural development strategy.

- **Partnership approaches.** This entails promoting programmes directed at permanent rural workers as an innovative area of rural poverty eradication. IFAD would be a conceptual sponsor of these initiatives rather than the main financing agency. While the Government would define policies for improving rural housing (almost 50% of permanent workers live in inadequate conditions) with the support of rural workers' trade unions, the IDB would constitute the main source of financing for this type of programme (e.g. providing the employers with the funds to improve rural workers' housing). Finally, IFAD's experiences as a promoter of rural microenterprises as rural road builders (for example, in Colombia) are considered very important for this programme and also for related projects.
- Enhancing the catalytic effect of IFAD's approaches through the provision of support for institutional change, policy dialogue, innovation and communication, and the strengthening of links with other IFAD initiatives in Latin America. In particular, experiences with indigenous communities in other countries of the region are seen as an important knowledge asset to be shared with national projects.
- Deepening IFAD's intervention, by building on the ongoing PRODERNEA and PRODERNOA and related experience and spin-offs, and by initiating a new project with specific characteristics (see below).

46. IFAD's experience would be transferred by means of specific investments (projects), which would also be supplemented with visits ('learning routes') to other IFAD projects in the region. Relevant experiences would be sought and adapted to the specific conditions on the country. These activities would provide inputs for a permanent policy dialogue on rural development, anti-poverty objectives and policy priorities, thereby highlighting the catalytic effect of IFAD's activities while enabling potential synergies with other funding agencies.

### C. Outreach and Partnership Possibilities with NGOs and the Private Sector

47. Innovative to the implementation of IFAD's ongoing interventions in the country ((PRODERNEA and PRODERNOA) and also to PROINDER, has been the incorporation of NGOs as permanent stakeholders and co-executing agencies for different project components and activities. This practice is set to continue and the Government agrees with the support of the activities of NGOs and grass-roots organizations for this purpose. In this context, the International NGO Network on Desertification and Drought (RIOD) could be extremely useful for future activities in Argentina. This Global Mechanism initiative boasts more than 3 000 NGOs and grass-roots organizations and represents a resource to be taken into account when defining rural development and rural poverty eradication policies. Building on this network and harnessing the efforts of different government areas could be important strategic guidelines.

48. Private sector involvement in rural development policies should be more actively sought. The 'value-chain' planning approach adopted by the Government is providing a valid framework for initiatives where private industrial firms negotiate mid-term production and economic goals with organized small farmers. Thus, the promotion of 'contract agriculture' and marketing mechanisms that could promote the linkage between small farmer agricultural and non-agricultural production, and packing and trading companies, should be sought. In addition, alliances with private firms from other productive sectors (i.e. oil production) should be pursued. This would open up supply markets for local agricultural products for oil camps and workers, which could boost local economic development programmes in some regions (for example, Patagonia).

#### D. Opportunities for Linkages with other Donors and Institutions

49. At present the externally financed portfolio is approximately USD 12 000 million. This portfolio includes 102 projects (loans). The IDB is the largest financier with 61 projects under implementation and a total lending programme of approximately USD 7 700 million. This includes 27 investment loans for approximately USD 3 900 million, sector loans worth USD 3 300 million, and eight private-sector loans totalling about USD 500 million. The bulk of this funding went towards modernization of the State (financial adjustment programme, provincial reforms) and programmes to reduce urban poverty and raise living standards (through urban development, and social protection and management). In the agricultural sector, the IDB cofinances Support to Provincial Agricultural Services (PROSAP) with the International Bank for Reconstruction and Development (IBRD). The IBRD, in turn, is the second largest financier with 41 projects amounting to USD 4 300 million. The IBRD finances PROINDER, which is the largest programme for rural development and rural poverty eradication in the country. IFAD is the third largest lender, with two projects.

50. Given the magnitude of the present economic crisis and its negative impact on the poorest households, all international financial institutions (IFIs) have expressed their concern and willingness to help the Government by supporting projects aimed at the most vulnerable social groups. Future IFAD operations in the country should seek cofinancing and/or other types of collaboration with IFIs and other bilateral donors. In particular, the IDB is seen as an appropriate partner for IFAD activities under the agreement signed with this institution and the Government of Italy in March 2003. Furthermore, an important Global Environment Facility (GEF) grant (with a project cost of USD 20 million) is being negotiated for combating desertification in Patagonia, which should complement other rural development projects in this region.

#### E. Areas for Policy Dialogue

51. Policy dialogue between IFAD and the Government should not be limited to SAGPyA. Rural development and rural poverty eradication policies involve other sectors of national Government and also provincial government and local authorities. First, permanent policy dialogue should be maintained with the Ministry of Economy and Production, and the Secretariat of Economic Policy, which is in charge of the design and approval of both the national public investment plan and the follow-up of externally financed programmes and projects. Second, advocacy issues should be addressed with the Undersecretariat of Budget, which is in charge of the formulation of the national budget including the goals related to subsidiary loans to the provinces and other jurisdictions. Third, more coordination should be sought with both the Ministry of Social Development and the Secretariat of Natural Resources and Sustainable Development in order to identify common areas of action and avoid duplication. Finally, the coordination of rural development policies with the provinces should be pursued in an integrated way through the establishment of rural development commissions within the existing federal councils for agriculture, social development and natural resource conservation.

52. The following main areas for policy dialogue have been identified:

- **Inclusive development of rural areas.** Due to historical reasons, the rural areas in Argentina with indigenous populations are the least developed in the country, and have the greatest concentration of rural poor, particularly extremely poor. In accordance with the Government's stated social development proposal, policy dialogue should address the issues of multiculturalism, given the marginalization characteristic of indigenous communities with regard to Argentinian society. Other areas to be addressed are related to **employment, gender, vulnerable groups, agriculture and the environment**, again with particular reference to the cultural characteristics of the indigenous populations. IFAD staff and consultants should be among the institutional actors participating in rural development dialogue.

- **Identification of adequate policies to assist the rural population affected by poverty.** The magnitude of this problem calls for in-depth studies to fully identify the main characteristics and causes of the poverty that affects over half the rural population. Agricultural, non-agricultural and labour markets in the rural sector should be analysed, as should current legislation regarding productive and labour markets. Structural and other obstacles (e.g. illiteracy, absence of legal assistance and lack of labour law enforcement) need to be properly evaluated so that suitable policy measures can be designed. Initially, IFAD could support research activities and policy formulation and also mobilize additional financial support from other IFIs (e.g. IDB and IBRD).
- **Enhancing local empowerment and strengthening rural social capital.** Stronger, more cohesive and better qualified rural organizations will enable communities, and especially the rural poor, to make full use of incentives and other available opportunities. This involves building the capacity of local institutions and organizations so they can effectively influence policy and public institutions. Increased leverage over issues that affect their lives and interests will also allow them to engage in strategic alliances, especially relevant in production and supply chains and cluster-type arrangements. The Government and IFAD should continue consolidating these efforts, promote gender equity and accord particular attention to supporting activities in favour of indigenous communities and ethnic minorities.
- **Enhancing access to assets and services.** Direct access, as opposed to trickle-down approaches, is a more effective strategy to counter the conditions of poverty and isolation experienced by the poor. More equitable access to natural capital assets (for the production of goods and for environmental services), rural financial services, technology and information, infrastructure and human capital development will stimulate growth, employment and income diversification opportunities for the rural poor.
- **Access to markets.** Facilitating access to financial markets and services (including savings) and increasing the negotiation capabilities of rural organizations *vis-à-vis* internal and external markets for goods are essential conditions for the success of small farm and off-farm enterprises. This line of action recognizes the dynamic interchange between rural and urban sectors and builds on its potential to counter rural poverty.

53. Policy dialogue involving federal and provincial public and private agencies, peasant organizations, academia, IFIs and other funding institutions would also contribute to favourable institutional change. However dialogue needs to be accompanied by specific recommendations on implementation. In particular, IFAD should increase its support to the Government by enhancing interaction among existing regional training and technical support networks.

#### **F. Action Areas for Improving Portfolio Management**

54. PRODERNEA was subject to a reformulation mission carried out by IFAD at the end of 2002. A series of recommendations resulted, and these have been noted by SAGPyA and the governments of the concerned provinces (Corrientes, Chaco, Formosa and Misiones). The IFAD Country Programme Manager chaired a joint meeting of all involved authorities at the national and provincial level on 23 March 2003 where a commitment to follow these recommendations was made. Main actions will be: (i) fostering effective beneficiary empowerment and participation in major project activities; (ii) according priority to ensuring appropriate budget allocations at the provincial level; (iii) ensuring that specific actions (in particular, training and research activities) are directly managed by the national coordination unit in order to avoid duplication and ensure high quality of services; (iv) arranging for the indigenous communities' support component to begin implementation as soon as possible; and (v) proposing the introduction of changes in credit bylaws appropriate to the new economic and financial context.



55. PRODERNOA was approved in 1999 but the loan became effective only in 2003 when the province of Catamarca signed the corresponding subsidiary loan agreement. The other two provinces concerned (Salta and Jujuy) are still negotiating their participation in the project, which is mainly being hindered by budget constraints. This project includes a set of innovations and approaches that both the Government and IFAD consider very valuable. It is expected that the provincial fiscal situation will improve in the near future as a result of ongoing national financing policies. In addition, the Government has requested IFAD to extend project coverage to include the province of Tucumán. The inclusion of Tucumán, home of most of the region's rural poor, would undoubtedly enhance project implementation.

56. The national coordination unit (NCU) for IFAD projects in SAGPyA urgently needs strengthening. This unit should have the skills necessary to deal with shortcomings in the provinces and also to promote a permanent policy dialogue on rural development policies with other areas of national Government, the provinces and private sector stakeholders. In addition, the NCU should coordinate research and knowledge management with PSA-PROINDER, the National Directorate of Agricultural Development and the RDC in SAGPyA.

### **G. Tentative Lending Framework and Rolling Programme of Work**

57. In view of IFAD's current two-project coverage of the northern provinces (which have the country's largest indigenous and rural poor population) and in accordance with the recommendations of the Operational Strategy Committee, the country lending framework will focus on southern Argentina (Patagonia), where the country's second largest indigenous and rural poor population live. The proposed investment programme includes the Rural Development and Indigenous Communities Support Project in the Patagonia Region (estimated total cost USD 22 million) to be developed during 2004 and implemented in 2005 over a six-year period. **Given the high incidence of rural poverty and indigenous groups, the country programme should be open to the possibility of a second phase of PRODERNEA, due to close at the end of 2005.**

58. The Government has expressed its preference that priority be given to the Patagonia project. The rationale for this selection is as follows: (i) Patagonia is the region with the highest incidence of rural poverty after the Northwestern and Northeastern regions, both already covered by IFAD projects; (ii) the size of the target group and the corresponding total project cost would be in line with present constraints for external indebtedness; (iii) a significant number of indigenous communities (*Mapuches*) live in conditions of poverty in the region; (iv) provincial authorities have expressed interest in participating in the proposed project; and (v) there are a variety of ongoing initiatives in the region financed by other IFIs (i.e. GEF project of USD 20 million and the IDB's new project in Río Negro of USD 86 million) whose activities could be coordinated with the proposed IFAD project.

59. The investment programme would include sustainable reinforcement of the NCU and the RDC in SAGPyA (which might call for re-engineering of the present institutional frame) in order to strengthen their capacity to support provincial projects and effectively coordinate research and knowledge management with PSA-PROINDER, the National Directorate of Agricultural Development and the RDC.

60. This proposal has been discussed with national authorities (SAGPyA and the Ministry of Economy and Production) and also with authorities and organizations in the involved provinces.



APPENDIX I

ARGENTINA

<b>Land area (km<sup>2</sup> thousand) 2001 1/</b>	2 737	<b>GNI per capita (USD) 2001 1/</b>	6 940
<b>Total population (million) 2001 1/</b>	37.48	<b>GDP per capita growth (annual %) 2001 1/</b>	-5.6
<b>Population density (people per km<sup>2</sup>) 2001 1/</b>	14	<b>Inflation, consumer prices (annual %) 2001 1/</b>	-1
<b>Local currency</b>	Argentine peso (ARS)	<b>Exchange rate: USD 1.00 =</b>	ARS 3.00
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (average annual population growth rate) 1995-2001 1/	1.3	GDP (USD million) 2001 1/	268 638
Crude birth rate (per thousand people) 2001 1/	19	Average annual rate of growth of GDP 1/ 1981-1991	0
Crude death rate (per thousand people) 2001 1/	8	1991-2001	2.9
Infant mortality rate (per thousand live births) 2001 1/	16	Sectoral distribution of GDP 2001 1/	
Life expectancy at birth (years) 2001 1/	74	% agriculture	5
Number of rural poor (million) (approximate) 1/	n/a	% industry	27
Poor as % of total rural population 1/	n/a	% manufacturing	17
Total labour force (million) 2001 1/	15.35	% services	68
Female labour force as % of total 2001 1/	34	Consumption 2001 1/	
<b>Education</b>		General government final consumption expenditure (as % of GDP)	11
School enrolment, primary (% gross) 2001 1/	120	Household final consumption expenditure, etc. (as % of GDP)	74
Adult illiteracy rate (% age 15 and above) 2001 1/	3	Gross domestic savings (as % of GDP)	15
<b>Nutrition</b>		<b>Balance of Payments (USD million)</b>	
Daily calorie supply per capita, 1997 2/	3 093	Merchandise exports 2001 1/	26 655
Malnutrition prevalence, height for age (% of children under 5) 2001 3/	12 a/	Merchandise imports 2001 1/	20 311
Malnutrition prevalence, weight for age (% of children under 5) 2001 3/	5 a/	Balance of merchandise trade	6 344
<b>Health</b>		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 2001 1/	9 a/	before official transfers 2001 1/	-5 125
Physicians (per thousand people) 2001 1/	3 a/	after official transfers 2001 1/	4 554
Population using improved water sources (%) 2000 3/	n/a	Foreign direct investment, net 2001 1/	3 337
Population with access to essential drugs (%) 1999 3/	50-79	<b>Government Finance</b>	
Population using adequate sanitation facilities (%) 2000 3/	n/a	Overall budget deficit (including grants) (as % of GDP) 2001 1/	3/
<b>Agriculture and Food</b>		Total expenditure (% of GDP) 2001 1/	17
Food imports (% of merchandise imports) 2001 1/	6	Total external debt (USD million) 2001 1/	136 709
Fertilizer consumption (hundreds of grams per ha of arable land) 2000 1/	330	Present value of debt (as % of GNI) 2001 1/	57
Food production index (1989-91=100) 2001 1/	146	Total debt service (% of exports of goods and services) 2001 1/	66
Cereal yield (kg per ha) 2001 1/	3 387	Lending interest rate (%) 2001 1/	28
<b>Land Use</b>		Deposit interest rate (%) 2001 1/	16
Arable land as % of land area 2000 1/	9		
Forest area as % of total land area 2000 1/	13		
Irrigated land as % of cropland 2000 1/	6		

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* database CD ROM 2003

2/ UNDP, *Human Development Report*, 2000

3/ UNDP, *Human Development Report*, 2003

## LOGICAL FRAMEWORK

Strategy	Measurable Indicators	Learning System	Critical Assumptions (issues for Policy Dialogue and Advocacy for Change)
<p><b>Strategic Framework Goal:</b></p> <p>The rural poor, with special emphasis on indigenous populations, small farmers and rural workers from the Patagonia region are empowered to overcome their poverty while respecting an equitable gender balance and sustainable use of natural resources.</p>	<p>Selected national/regional Millennium Development Goal (MDG) indicators, to be adopted (for instance):<sup>1</sup></p> <ul style="list-style-type: none"> <li>• Proportion of population living on less than USD 1 a day.</li> <li>• Share of women in wage employment in the non-agricultural sector.</li> <li>• Land area protected to maintain biological diversity.</li> <li>• Unemployment rate of 15 to 24 year-olds.</li> </ul>	<ul style="list-style-type: none"> <li>• Studies on poverty.</li> <li>• National household surveys.</li> </ul>	
<p><b>Strategic Objective for Argentina's Country Programme:</b></p> <p>IFAD's country programme has strengthened the capacity of the rural poor from the Patagonia region and their organizations, has improved equitable access to productive resources and to technology with sustainable management of natural resources and has increased access to services, markets and financial services.</p>	<ul style="list-style-type: none"> <li>• Active participation of rural poor, especially indigenous communities, and their organization in local, regional decision-making processes.</li> <li>• Degree of allocation of monetary incentives to proposals for sustainable natural resource management (NRM) presented by local communities and their organizations, and to their implementation.</li> <li>• % rural poor participating in rural markets, financial and technical services.</li> <li>• Increase in family income through agricultural and non-agricultural activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Performance evaluations of strategic initiatives and programmes.</li> <li>• Impact assessments of strategic initiatives and programmes.</li> <li>• Studies on poverty.</li> <li>• National household surveys.</li> <li>• Reports on related rural development programmes.</li> <li>• Evaluation reports and evaluations of the Government and organizations.</li> </ul>	<ul style="list-style-type: none"> <li>• The Government's agenda for rural development and rural poverty eradication receives continued high priority.</li> <li>• Political decision to strengthen policies and improve institutional framework for rural development.</li> <li>• Implementation of macroeconomic policies maintaining or raising the competitiveness of national production.</li> </ul>

<sup>1</sup> Source: IFAD, Achieving the Millennium Goals, a discussion paper, February 2003.

<p><b>Outputs: (Strategic Development Thrusts for Argentina)</b></p> <ol style="list-style-type: none"> <li>1. Indigenous communities supported in capacity-building and market integration</li> <li>2. Small farmers supported in capacity-building and market integration</li> <li>3. Initiatives of rural grass-roots organizations and NGOs for sustainable social and economic development with sound management of natural resources strengthened</li> <li>4. Markets for the provision of local technical assistance for production, processing and commerce created</li> <li>5. Rural financial services strengthened</li> <li>6. Regional clusters for pro-poor rural initiatives developed</li> </ol>	<p><b>Measurable Indicators:</b></p> <ul style="list-style-type: none"> <li>• Degree of institutionalization of participation of indigenous communities in regional, local planning and resource allocation and local economic initiatives.</li> <li>• Proposal of NRM concepts and initiatives presented by local communities and their organizations.</li> <li>• Reduction of gap between demand for rural financial services and service provision.</li> <li>• Technical assistance of local suppliers contracted by rural poor.</li> <li>• Rural communities, villages and intermediate towns linked for the implementation of decentralized pro-poor development initiatives.</li> </ul>	<p><b>Learning System:</b></p> <ul style="list-style-type: none"> <li>• Monitoring and Evaluation (M&amp;E) systems of IFAD programmes.</li> <li>• Annual portfolio review.</li> <li>• Evaluation results of the Office of Evaluation (OE).</li> </ul>	<p><b>Critical Assumption:</b></p> <p>Aspects of changes in the population's age ratios are addressed, such as assistance for elderly members of the rural population.</p>
<p><b>Activities:</b></p> <ul style="list-style-type: none"> <li>• Establish policy dialogue and advocacy for change.</li> <li>• Mobilize indigenous communities' and small farmers' local knowledge management.</li> <li>• Build strategic partnerships with government and private sector.</li> </ul>			

**STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS**

<b>Institution</b>	<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities/Risks</b>	<b>Remarks</b>
<b>Ministry of Economy and Production</b> The following units are related to rural development and rural poverty eradication projects.	Prepares the National Budget on yearly basis and manages the National System of Public Investment (SNIP).	Rural poverty reduction projects are presented by other government areas. Often these proposals are prepared without appropriate justification.	If other areas of government improved the formulation of well-justified projects more budget allocations would be granted.	The projects have to pass through an established process to enter into the SNIP and the Annual Budget proposal. The Budget proposal is discussed and approved in the Congress.
<ul style="list-style-type: none"> <li>National Directorate of Public Investment (DNIP).</li> </ul>	Yearly, on a roll-on basis, projects are received, assessed and approved for inclusion in SNIP.	Due to poor preparation of many projects, there is a high index of rejections.	Well-prepared and justified projects in SNIP can be financed through the national budget. Although there is risk that subsequently they cannot be executed due to financial restrictions.	To control the process flow, DNIP has a project bank to group the projects in different phases of preparation.
<ul style="list-style-type: none"> <li>Preinvestment Unit (UNPRE).</li> </ul>	Assists institutions in the formulation and presentation of projects to SNIP.	Budget constraints.	If counterpart funds are available project formulation is improved.	Financed by IDB and the Government.
<ul style="list-style-type: none"> <li>National Directorate of Relations with International Credit Institutions (DNPOIC).</li> </ul>	Assists all national institutions in presenting and negotiating projects with international financing organizations. It also carries out project monitoring.	Often, it lacks negotiation power with Budget authorities.	DNPOIC is responsible for proposing external financed projects in the national budget.	All SAGPyA rural poverty eradication projects financed by international banks have been, or are, assisted, monitored and evaluated by DNPOIC.
<ul style="list-style-type: none"> <li>Undersecretariat of Relations with the Provinces.</li> </ul>	This is the main national government contact with the provinces for negotiating and providing economic and financial support, including external financing.	Often, fiscal issues have priority over rural development policies.	With its support, rural development policies can be better coordinated with the provinces.	Estimates of indebtedness capacity of the provinces are prepared by this unit.
<ul style="list-style-type: none"> <li>Treasury Secretariat.</li> <li>(Secretaría de Hacienda).</li> </ul>	This is in charge of the preparation of the National Budget on an annual basis. Once the National Budget is approved by Congress, this secretariat manages the effective expenditures within authorized limits.	Each project has an annual Budget allocation ( <i>crédito presupuestario</i> ), which is disbursed in quotas payable upon availability of funds. Often these quotas are not available on time or in adequate amounts. This jeopardizes the accomplishment of project targets of annual work plans.	Better project monitoring and evaluation systems could improve budget allocations, which frequently are calculated by the Treasury on the basis of past performance.	All rural poverty eradication projects of the SAGPyA are affected by this procedure of assigning funds.

Institution	Strengths	Weaknesses	Opportunities/Risks	Remarks
<p><b>Secretariat of Agriculture, Livestock, Fisheries and Food (SAGPyA)</b> The Secretariat's areas and institutions in charge of rural poverty eradication are described below.</p>	<p>Vast experience in agricultural matters. Among other functions related to developing and implementing rural sector policies, programmes and projects, this Secretariat, dependent on the Ministry of Economy and Production, is responsible for all actions related to rural poverty eradication. It has linkages at high political and economic levels within the Government. It is linked with the provinces through the Federal Agricultural Council for policy and strategy discussion.</p>	<p>The task is enormous and frequently, because of scarce budgets, targeted populations cannot be reached. In some cases activities are shared with other ministries and coordination problems arise. The linkage with the Ministry of Economy and Production, and its institutions is sometimes not effective, causing serious budgetary problems. Frequently, rural poverty eradication issues are not given first priority.</p>	<p>Its coordination with other areas of government dealing with poverty is still not fluent. It recently established the Rural Development Commission (RDC) with the objective of achieving smooth coordination. At present, RDC only coordinates SAGPyA projects and no other government areas participate.</p>	<p>It is the main mechanism for discussing policies and strategies with IFAD.</p>
<ul style="list-style-type: none"> <li>Undersecretariat of Agricultural Economy</li> </ul>	<p>Coordinates project implementation, mainly with international financing. It will have a preponderant responsibility in resolving the budgetary issues that affect most of SAGPyA's programmes.</p>	<p>Vulnerable to changes by the Government.</p>	<p>It can provide better coordination among donors as well as strengthen SAGPyA's position before Budget negotiations.</p>	<p>Main donors for SAGPyA projects are IBRD, IDB, European Union and IFAD.</p>
<ul style="list-style-type: none"> <li>Directorate of Agricultural Development</li> </ul>	<p>Responsible of planning and project formulation. In charge of the RDC. Rural poverty eradication is one of its main concerns. The Directorate is the executor of the PROINDER component for strengthening the capacity of national and provincial institutions for formulating rural development policy actions. This has put in operation the Government's 'think tank' on rural poverty eradication.</p>	<p>The RDC only coordinates SAGPyA institutions and other government areas dealing with poverty issues are excluded, such as social, labour, infrastructure, national and provincial institutions, and NGOs as well as grass-roots organizations.</p>	<p>The strengthening of this Directorate is crucial to ensuring higher priority for rural development policies.</p>	<p>The Directorate has many years of experience in dealing with rural development and rural poverty eradication.</p>
<ul style="list-style-type: none"> <li>INTA (National Institute for Agricultural Technology)</li> </ul>	<p>In addition to agricultural research, it provides extension services for different types of clients. It has a programme for small farmers called <i>Programa Minifundio</i>, which deals specifically with rural poor farmers and it also is the executing agency</p>	<p>Lack of sufficient resources.</p>	<p>INTA is an autonomous institution and for this reason has more possibilities to bypass the restrictions on the assigning of funds.</p>	<p>The institution has a foundation named ARGENINTA for project execution. It currently serves PSA and other SAGPyA projects.</p>

Institution	Strengths	Weaknesses	Opportunities/Risks	Remarks
	of PROHUERTA, a social programme that targets urban and rural poor households. INTA has introduced several sustainable mechanisms for the provision of technical services like outsourcing, beneficiary cost sharing and participation in management committees, and permanent coordination with provincial institutions.			
<b>Argentine provinces</b>	The provincial governments have similar organization to that of national Government. Their proximity to the municipalities and therefore to the grass-roots organizations and potential beneficiaries, allows for better local and participative planning actions, as well as monitoring and evaluation.	Difficult fiscal situations in many provinces (usually in the poorest regions of the country) hinder effective project execution.	Effective decentralization can be achieved by provincial project execution. However, training of provincial teams is needed.	PRODERNEA AND PRODERNOA projects are executed by the provinces. The fiscal situation has affected their implementation.
<b>Municipalities</b>	The municipalities are the closest public institutions to the rural population. They have the possibility of coordinating and monitoring at the field level. They can effectively introduce actions for implementing local integrated development projects.	Main weakness is the lack of knowledge of rural development and local integrated development policies. Political clientelism could jeopardize project actions.	Strengthening municipal capacities and service quality. In particular, technical support services should be reinforced.	The participation and effective involvement of municipalities is crucial for establishing 'proximity policies'. Selection of clusters of municipalities is crucial to maximize impact. In some provinces, rural areas are outside municipal boundaries.
<b>Grass-roots organizations</b>	Many community and productive local organizations have resisted the financial crisis. They are well integrated within local communities.	Most show weaknesses in organization, use of opportunities and market insertion.	Ongoing projects in the country have demonstrated that existing organizations possess a significant capacity for skill development.	A more detailed survey on these organizations, including a brief evaluation of their capacities is required.
<b>NGOs, service providers</b>	Very effective when working directly with grass-roots organizations.	Bias towards supply of services instead of demand-driven activities. Weaknesses in creating and managing new initiatives.	Developed NGOs are present in selected regions of the country. Good potential for development, especially in supplying rural technological services.	A more detailed survey on these organizations including a brief evaluation of their capacities is required.



**IFAD'S CORPORATE THRUSTS AS RELATED TO THE PROPOSED  
COUNTRY PROGRAMME**

1. The ongoing training and technical support networks established by IFAD's Latin America and the Caribbean Division (PL) would provide systematic upgrading of skills and knowledge relevant to rural development and technical and operational support for in-country programmes. These networks would also facilitate the exchange of experiences in poverty reduction and rural development among beneficiaries in the region. In Argentina, IFAD would continue with the current participatory approach to poverty reduction, which ensures the participation of local grass-roots organizations and NGOs. The selection and design of future projects would be based on intensive consultations with the Government, other stakeholders and communities, and on the mobilization of grass-roots groups, NGOs and provincial, municipal and local institutions in the planning and implementation of project activities. Innovative approaches to rural development require an intensive and systematic exchange of experiences and the training of project technical staff and beneficiaries. Therefore, the in-country networking of projects, together with sub-regional and regional networking, would be used as a permanent support mechanism for project implementation in the country.
2. FIDAMERICA, the Internet-based network of organizations and projects working with the rural poor in Latin America and the Caribbean, will also continue to provide a forum for the exchange of experiences through its online seminars on topics ranging from rural credit to private-sector extension services and marketing. The ongoing Rural Development Project for the Northeastern Provinces (PRODERNEA) and the North Western Rural Development Project (PRODERNOA) are currently included in this network.
3. In terms of gender issues and field methodologies, PROGENERO, PL's new gender-strengthening network, is supporting all projects in Argentina through workshops and training events. At present, this initiative is supporting a series of interventions and cofinancing activities with peasant women and staff technicians involved in PRODERNEA and PRODERNOA. There is close collaboration with the Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty-Alleviation Projects in Latin America and the Caribbean (PREVAL) for assisting the start-up of the monitoring and evaluation units of both ongoing projects. PL's Rural Microenterprise Support Programme in Latin America and the Caribbean (PROMER) is coaching the implementation of the agro-industrial entrepreneurship subcomponent of PRODERNEA. The Regional Programme in Support of Indigenous Peoples in the Amazon Basin (PRAIA) (another IFAD grant) is organizing internships in other projects with indigenous populations of the Chaco 'Impenetrable' Region.
4. The Second Meeting on Innovation and Knowledge to Combat Rural Poverty held in Lima, 24-26 September 2003 also provided a valuable forum for information and knowledge exchange for ongoing IFAD projects in Argentina.

APPENDIX V

ACTIVITIES OF OTHER PARTNERS IN DEVELOPMENT – ONGOING AND PLANNED

**Argentina: International Bank for Reconstruction and Development (World Bank Group)  
Project Portfolio  
(USD million)**

Project Name	IBRD/IDA*	Product Line	Country Area	Status	Approval Date
Social Protection (06) Project – <i>Jefes de Hogar</i>	600	IBRD/IDA	Argentina	Active	1/28/2003
Family Strengthening and Social Capital Promotion Project	5	IBRD/IDA	Argentina	Active	11/08/01
Structural Adjustment Loan Project	400	IBRD/IDA	Argentina	Active	8/28/2001
Provincial Reform Adjustment Loan – Santa Fe	330	IBRD/IDA	Argentina	Active	7/19/2001
Patagonia Coastal Contamination Prevention and Sustainable Fisheries Management Project	0	Global Environment Project	Argentina	Active	6/26/2001
Buenos Aires Secondary Education Reform Project (02)	56.99	IBRD/IDA	Argentina	Active	12/07/00
Provincial Reform Loan Project – Cordoba	303	IBRD/IDA	Argentina	Active	11/22/2000
Sustainable Fisheries Management Project	5	IBRD/IDA	Argentina	Closed	9/19/2000
Indigenous Community Development Project	5	IBRD/IDA	Argentina	Active	9/18/2000
Provincial Reform Adjustment Loan Project – Catamarca	70.7	IBRD/IDA	Argentina	Active	9/14/2000
Health Insurance for the Poor Project	4.9	IBRD/IDA	Argentina	Closed	11/24/1999
Public Health Surveillance and Disease Control Project	52.5	IBRD/IDA	Argentina	Active	10/14/1999
Policy Based Guarantee Operation Project	0	Guarantees	Argentina	Active	9/16/1999
Water Sector Reform Project	30	IBRD/IDA	Argentina	Active	06/01/99
Integrated Drug Prevention Pilot Project	4.75	IBRD/IDA	Argentina	Closed	05/05/99
Social and Fiscal National Identification System Project	10	IBRD/IDA	Argentina	Closed	4/20/1999
GEF AR-RENEWABLE ENERGY IN RURAL MARKETS	0	Global Environment Project	Argentina	Active	3/30/1999
Renewable Energy in the Rural Market Project	30	IBRD/IDA	Argentina	Active	3/30/1999
Year 2000 Technical Assistance Project	30.3	IBRD/IDA	Argentina	Active	12/17/1998
Repurchase Facility Support Loan Project	505.05	IBRD/IDA	Argentina	Closed	11/10/98
Special Structural Adjustment Loan Project	2525.25	IBRD/IDA	Argentina	Closed	11/10/98

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Project Name	IBRD/IDA*	Product Line	Country Area	Status	Approval Date
Social Protection Project (04)	90.8	IBRD/IDA	Argentina	Active	10/15/1998
Social Protection Project (03)	284	IBRD/IDA	Argentina	Closed	6/30/1998
Secondary Education Project (03) – Province of Buenos Aires	119	IBRD/IDA	Argentina	Closed	04/09/98
Model Court Development Project	5	IBRD/IDA	Argentina	Active	04/08/98
National Highways Rehabilitation and Maintenance Project	450	IBRD/IDA	Argentina	Active	3/17/1998
Mining Development Technical Assistance Project (02)	39.5	IBRD/IDA	Argentina	Closed	02/10/98
Pollution Management Project	18	IBRD/IDA	Argentina	Active	02/10/98
El Nino Emergency Flood Project	42	IBRD/IDA	Argentina	Active	1/20/1998
Biodiversity Conservation Project	0	Global Environment Project	Argentina	Active	10/21/1997
Provincial Reform Project (02) – Río Negro	75	IBRD/IDA	Argentina	Closed	8/26/1997
Provincial Reform Project (02) – San Juan	50	IBRD/IDA	Argentina	Closed	8/26/1997
Provincial Reform Project (02) – Salta	75	IBRD/IDA	Argentina	Closed	8/26/1997
Provincial Reform Project (02) – Tucuman	100	IBRD/IDA	Argentina	Closed	8/26/1997
Small Farmer Development Project	75	IBRD/IDA	Argentina	Active	7/17/1997
Social Protection Project (02) – TRABAJAR	200	IBRD/IDA	Argentina	Closed	6/19/1997
AIDS and Sexually Transmitted Diseases Control Project-LUSIDA	15	IBRD/IDA	Argentina	Active	5/22/1997
Buenos Aires Urban Transport Project	200	IBRD/IDA	Argentina	Active	5/15/1997
Maternal & Child Health & Nutrition (02)	100	IBRD/IDA	Argentina	Active	5/15/1997
Provincial Agricultural Development Project (PROSAP)	125	IBRD/IDA	Argentina	Active	4/22/1997
National Pension Administration Technical Assistance Project	20	IBRD/IDA	Argentina	Closed	1/21/1997
Reduction of Ozone Depleting Substances Project	0	Montreal Protocol	Argentina	Active	01/09/97
Provincial Pension Reform Adjustment Loan Project	300	IBRD/IDA	Argentina	Closed	12/11/96
Flood Protection Project	200	IBRD/IDA	Argentina	Active	12/11/96
Provincial Roads Project	300	IBRD/IDA	Argentina	Active	09/12/96

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Project Name	IBRD/IDA*	Product Line	Country Area	Status	Approval Date
Native Forests and Protected Areas Project	19.5	IBRD/IDA	Argentina	Active	09/05/96
Health Insurance Technical Assistance Project	25	IBRD/IDA	Argentina	Closed	4/25/1996
Health Insurance Reform Loan	350	IBRD/IDA	Argentina	Closed	4/25/1996
Decentralization and Improvement of Secondary Education and Polymodal Education Development Project	115.5	IBRD/IDA	Argentina	Active	12/21/1995
Enterprise Export Development Project	38.5	IBRD/IDA	Argentina	Closed	11/28/1995
Public Investment Strengthening Technical Assistance Project	16	IBRD/IDA	Argentina	Active	11/21/1995
Social Protection Project	152	IBRD/IDA	Argentina	Closed	11/21/1995
Forestry Development Project	16	IBRD/IDA	Argentina	Active	10/24/1995
Provincial Health Sector Development Project	101.4	IBRD/IDA	Argentina	Closed	08/03/95
Bank Reform Loan Project	500	IBRD/IDA	Argentina	Closed	7/25/1995
Mining Development Technical Assistance Project	30	IBRD/IDA	Argentina	Closed	7/25/1995
Higher Education Reform Project	165	IBRD/IDA	Argentina	Active	07/06/95
Provincial Bank Privatization Loan Project	500	IBRD/IDA	Argentina	Closed	05/04/95
Provincial Development Project (02)	225	IBRD/IDA	Argentina	Active	05/04/95
Municipal Development Project (02)	210	IBRD/IDA	Argentina	Active	3/23/1995

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**Argentina: Inter-American Development Bank  
Project Portfolio**

Approval Date	Project Name	Loan/TC Number
Feb 03	Social Protection and Mitigation of the Impact of the Crisis on the Poor	1452/OC-AR
Mar 02	Reformulation of the Social Portfolio to support the Social Emergency Plan	S/N
Sep 01	Education System Improvement Program	1345/OC-AR
Aug 01	Support to Growth and Fiscal Discipline	1341/OC-AR
Jun 01	Financial Services Sector Program	1324-25/OC-AR
Jan 01	Rosario Habitat Program	1307/OC-AR
Dec 00	Fiscal Balance and Social Management	1295/OC-AR
Dec 00	Border Crossings and Integration Corridors Program	1294/OC-AR
Dec 00	Modernizing the Cordoba Provincial Government	1287/OC-AR
Nov 00	Strengthening of the Ministry of Foreign Affairs	1279/OC-AR
Oct 99	Institutional Strengthening for Foreign Trade Policy	1206/OC-AR
	Report on Implementation Nov. 2001, in Spanish	
Sep 99	Technological Modernization Program	1201/OC-AR
Aug 99	Primary Health-Care Reform Program Salta-Pampa and Cordoba	1193/OC-AR
Aug 99	Global Small Business and Microenterprise Credit Program II	1192/OC-AR
	Report on Implementation Nov. 2001, in Spanish	
Jul 99	Rosario-Victoria Bridge*	1188/OC-AR#
	Environmental and Social Impact Report, 01/99	
Jun 99	Aguas Argentinas, S.A.*	1182/OC-AR#
	Envir. Report 12/98	
Dec 98	Municipal Reform and Development Program	1164/OC-AR
	Report on Implementation Nov. 2001, in Spanish	
Dec 98	Strengthening of Banking System Safeguards*	1163/OC-AR
Nov 98	Trenes de Buenos Aires, S.A.*	1146/OC-AR#
Nov 98	Correo Argentino S.A.*	1140/OC-AR#
Oct 98	Reform of the Water Supply and Sanitation Sector	1134/OC-AR
Oct 98	Federal Program for Women	1133/OC-AR
Oct 98	Transportadora de Gas del Sur, S. A. (TGS)*	1129A & 1129B/OC-AR#
Aug 98	Emergency Flood Rehabilitation Program	1118/OC-AR
Jul 98	Atención	Emergency Flood Rehabilitation Program
Jul 98	Atención a Niños y Adolescentes en Riesgo (only Spanish version available)	1008/SF-AR &
Jun 98	Institutional Support, Fiscal Reform and Investment Planning	1107/OC-AR
	Report on Implementation Nov. 2001, in Spanish	
Jun 98	Public Sector Reform in the Province of Mendoza	1103/OC-AR
Jan 98	Program in Support of Judicial Reform	1082/OC-AR
Dec 97	Integrated Development Program in the Argentine Interior	1068/OC-AR
	Report on Implementation Nov. 2001, in Spanish	
Nov 97	Technical Higher Education Reform Program	1060/OC-AR

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Approval Date	Project Name	Loan/TC Number
Nov 97	Environmental Management of the Matanza-Riachuelo River Basin	1059/OC-AR
Sep 97	AES Peranza*	1044/OC-AR#
Sep 97	Establishment of the Federal Public Revenue Administration*	1034/OC-AR
	Report on Implementation Nov. 2001, in Spanish	
Aug 97	Youth Productivity and Employability Support Program	1031/OC-AR
Jul 97	Program in Support of Vulnerable Groups	996/OC-AR
		1021/OC-AR
		ATN/SF-5625- AR
Jan 97	Business Development Support Program	989/OC-AR
	Report on Implementation Nov. 2001, in Spanish	
Dec 96	Aguas Provinciales de Santa Fe*	986/OC-AR#
Dec 96	Fiscal Strengthening in the Province of Buenos Aires*	979/OC-AR
Oct 96	Port Modernization Program	962/OC-AR
Oct 96	Provincial Social Security Sector Reform Program	961/OC-AR
Oct 96	Empresa Distribuidora Norte S.A. (EDENOR)*	954/OC-AR#
Jul 96	Barrio Improvement Program	940/OC-AR
	Report on Implementation Nov. 2001, in Spanish	
Apr 96	Multisector Pre-investment Program	925/OC-AR
Nov 95	Provincial Agricultural Services Program	899/OC-AR
Oct 95	Yacyretá Transmission System: Second Stage*	896/OC-AR#
Sep 95	Terminales Portuarias Argentinas*	877/OC-AR
Jun 95	Support of Fiscal Adjustment and Social Reform	871/OC-AR
May 95	Provincial Banks Privatization Program*	865/OC-AR
Jan 95	Water Supply and Sanitation Program*	857/OC-AR
Dec 94	Educational Reform and Investment*	845/OC-AR
Nov 94	Development of Municipal Institutions and Social Investment Programs*	830/OC-AR; 932/SF-AR
Nov 94	Consolidation of Administrative and Financial Reform*	826/OC-AR
Jun 94	Support for Retraining in the Productive Sectors*	816/OC-AR; 925/SF-AR
Dec 93	Technology Modernization Program*	802/OC-AR
Dec 93	Multisector Credit Program*	798/OC-AR
Dec 93	National Road Corridors Program*	795/OC-AR
Sep 93	Institutional Strengthening for Environmental Management*	768/OC-AR; 907/SF-AR
Jan 93	Multisector Pre-investment Program*	740/OC-AR
Dec 86	Health Infrastructure Rehabilitation Program	516/OC-AR
Dec 02	Cleaner Production and Industrial Eco-efficiency	ATN/ME-8129-AR
Nov 02	Development in the Province of Cordoba	ATN/ME-8112-AR
Sep 01	Program for Private Job Placement Services	ATN/MH-7595-AR
Jul 01	Consolidation of Micro-enterprises in Non-traditional Markets	ATN/ME-7514-AR
Mar 01	Quality Standard and Certification Program	ATN/ME-7355-AR
Oct 00	Export-Market Program for Small Enterprises	ATN/ME-7157-AR

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<b>Approval Date</b>	<b>Project Name</b>	<b>Loan/TC Number</b>
Jul 00	Occupational Health and Safety Program	ATN/MH-7063-AR
Jul 00	Training Program for Energy Regulators	ATN/MH-7046-AR
Apr 00	Regional Employment Program for the Blind	ATN/MH-6958-AR
Apr 00	Commercial Mediation and Arbitration Centres	ATN/MT-6953-AR
Oct 99	Training for Retail Commerce	ATN/ME-6718-AR
Aug 99	Worker Skills Certification Program	ATN/MH-6605-AR
Nov 98	Strengthening of Provincial Regulatory Agencies	ATN/MT-6261-AR
Jul 98	GIS-Applications with Highways*	ATN/JF-6072-AR
Jun 98	Program for on-the Job Training	ATN/MH-6026-AR
May 98	Strengthening of the Water and Sanitation in Buenos Aires	ATN/MT-5976-AR
Nov 97	Advisory Centre for New Business	ATN/ME-5765-AR
Jun 97	Strengthening of the Sanitation Services in the Province of Santa Fe	ATN/MT-5613-AR
Feb 97	Microenterprise Support Services Program	ATN/ME-5489-AR
Dec 96	Program for Assistance to Small Rural Producers	ATN/ME-5441-AR
Nov 95	Legal and Regulatory Framework for a Credit Guarantee System for Small and Medium-Sized Businesses (SMBs)	ATN/MT-5080-AR
Mar 95	Program to Support Children in Especially Difficult Circumstances in Nine Provinces	ATN/SF-4862-AR
Feb 95	Network of Business Services Centres	ATN/ME-4851-AR
Dec 94	Water Sector Reform for Mendoza Province	ATN/MT-4742-AR