

# profile

Number 73, December 2010

## Argentine Republic Country Programme Evaluation

Despite its status as a middle-income country, there is still a marked degree of inequality in Argentina. In the northern region, where rural poverty is most concentrated, more than 50 per cent of the rural population lives below the poverty line.

The Fund has financed five agriculture and rural development projects in Argentina, corresponding to a total project cost of US\$150 million of which US\$84 million have been provided by IFAD in loans. These interventions aimed at promoting small farmer organizations and rural development institutions; assisting in market development; and providing support to vulnerable segments of the population. IFAD has also provided a technical assistance grant of US\$778,000 to formulate a rural development strategy. Successful policy dialogue and strong government commitment to rural development since 2003 have given rise to high expectations among the rural poor. However, progress in rural development has been constrained by political and economic instability and lack of access to the capital market for more than a decade.

This Profile provides a summary of the first country programme evaluation (CPE) of Argentina undertaken by the IFAD Office of Evaluation in 2009/10. The main objectives of the CPE were to assess the results of IFAD-supported activities and draw up recommendations to guide formulation of the next country strategic opportunities programme (COSOP) for Argentina.

### Main findings

The evaluation found that the partnership collaboration between IFAD and the Government of Argentina has been overall moderately satisfactory. Policy dialogue has been the most successful aspect of this partnership. IFAD supported the Government of Argentina in improving rural development institutions and policies. It also supported the government at disseminating knowledge, promoting rural development policy discussions at the sub-regional level and facilitated the participation of the rural poor in various policy fora. The debate generated by these activities led to stronger rural development institutions, culminating with the creation in 2009 of the Secretariat for Rural Development and Family Farming under the new Ministry of Agriculture, Livestock and Fisheries.

Although improving, the performance of the IFAD-funded project portfolio in Argentina has been moderately unsatisfactory to date. Only two of the five interventions approved since 1988 had been completed at the time of the CPE. Relatively small in terms of the amount of resources provided in relation to the size of the country, the IFAD-financed projects were implemented in an unstable political and economic environment that included the severe financial and political crises of 1988-1991 and 1998-2002. Implementation has been hindered by a complex, decentralized political and institutional



#### Craft class in Belen, Catamarca

Training of beneficiaries and development agents was an important technical assistance element in all IFAD-financed projects, mainly in the production field such as apiculture, horticulture, livestock management and animal health, production and marketing of crafts.

*IFAD Photo by Luis Ramirez*

### ARGENTINA AT A GLANCE

Population: 40.4 million (2008)

GDP growth (annual %): 8.0

GDP per capita: US\$7,200

Agriculture, value added (% of GDP): 9.6

Source: World Bank, World Development Indicators 2008

Total IFAD lending (1979-2009): US\$84 million

Total IFAD grants (1988-2009):

- US\$775,000 for a Rural Development Strategy
- US\$4.9 million regional grants for MERCOSUR
- US\$11.2 million regional grants for knowledge management in South America

environment within Argentina's federal structure that contributed to high administrative costs in relation to total project costs. The Fund did not take sufficient measures, at the design stage, to mitigate the foreseeable risks associated with the implementation of projects in such a decentralized environment. Moreover, some of the objectives of the country programme such as the incorporation of small farmers into the commercial banking system and the promotion of markets for the provision of technical assistance did not meet the agreement of all government entities involved.

In spite of these difficulties, IFAD funded projects have achieved some important results. They have supported cost-effective technology for use of the relatively abundant labour market; promoted farmers' participation in fairs and exhibitions; strengthened small farmer organizations; and provided assistance to vulnerable segments of the

population, such as youth, women and indigenous people. On average, beneficiary incomes increased by about 35 per cent in relation to a comparable group of non-beneficiaries in the Rural Development Project for the North-eastern Provinces. However, the interventions achieved only limited results in terms of providing financial services to the rural areas.

Overall, the Fund is seen as an important and strategic partner for Argentina. Its uniqueness as the only international development institution dedicated exclusively to eradicating rural poverty by financing agriculture and rural development projects, combined with its reputation as an honest broker, has allowed IFAD to play a key catalytic role in improving the country's agriculture and rural development policies. There are however ample opportunities for strengthening performance in the future, especially of the projects financed by IFAD.

## Key recommendations

### STRATEGIC ISSUES

- ➔ **Level of resources once lending conditions improve.** The Government and IFAD should study available options for increasing resources to Argentina. Efforts should be stepped up to increase counterpart funding and co-financing, and/or other financing modalities. A grant programme would help in revising the definition of rural/urban populations used to allocate resources through the performance-based allocation system.
- ➔ **Strengthening technical support, focusing on innovation and knowledge management.** This will require a reduction in the thematic coverage of IFAD-supported technical assistance in Argentina in order to focus on highly innovative activities, albeit limited in number. Replication and scaling up should be promoted by the Government and/or other agencies. Work on the development of knowledge management should be continued, and include sharing IFAD's rural development experience in other countries of the region.
- ➔ **Deepen successful modalities of providing financial services.** With Government support, IFAD should make every effort to facilitate smallholder farmers' access to financial resources. Existing cooperation between Brazil, Argentina and Chile should be fostered in order to identify innovative ways of financing smallholder farming and expanding on successful experiences.
- ➔ **Geographical coverage.** In view of the limited resources allocated to Argentina to date, the Fund should give priority to areas with greater concentrations of rural poor, even within a national programme such as the National Rural Areas Development Programme (PRODEAR).
- ➔ **Strategic use of donations and closer connection with projects.** IFAD should continue providing grant resources to promote non-lending activities that have so far proved successful, and to increase partnerships with agricultural research institutions in other countries of the region, e.g. the Institute for Agricultural Technology (INTA). It should also take steps to strengthen links between grants and IFAD-funded projects in Argentina.

### OPERATIONAL ISSUES

- ➔ **Planning activities in coordination with all government entities involved in the country programme.** IFAD and the Government should plan and design activities with the active participation of all relevant government institutions at the federal and provincial levels. This should include Cabinets of Ministers and ministries of production of the provinces covered by the programme.
- ➔ **Decentralized project implementation modality.** The decentralized implementation of IFAD-financed projects should be maintained, accompanied by capacity development efforts as and when needed. Coordinating the rules and operational procedures of IFAD and the federal and provincial governments should constitute an integral part of initial project/programme design, prior to the signing of loan agreements.
- ➔ **Physical presence in the country.** As IFAD and the Government review their long-term relationship and achieve a significant increase in the resources provided to Argentina, discussions should be held on modalities for improving country presence, including the contracting of a national liaison officer.

#### Further information:

Argentine Republic, Country Programme Evaluation, Report No. 2322-AR, December 2010, ISBN 978-92-9072-199-4, IFAD Office of Evaluation, Via Paolo di Dono 44, 00142 Rome, Italy. The full report, Profile and Insights are available online at [www.ifad.org/evaluation](http://www.ifad.org/evaluation); email: [evaluation@ifad.org](mailto:evaluation@ifad.org).