

TERMS OF REFERENCE

ARGENTINA

NATIONAL AND PROVINCIAL RURAL DEVELOPMENT STRATEGY

May 2004

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PROPOSAL PRESENTED BY THE LATIN AMERICA AND THE CARIBBEAN DIVISION OF IFAD TO USE AN ITALIAN GRANT TO PROVIDE TECHNICAL ASSISTANCE FOR THE DEVELOPMENT OF A NATIONAL AND PROVINCIAL RURAL DEVELOPMENT STRATEGY FOR ARGENTINA AS PART OF THE PROGRAM FOR THE ELIMINATION OF RURAL POVERTY IN LATIN AMERICA AND THE CARIBBEAN

Key Information	
Initiating IFAD Division:	Latin America and the Caribbean Division
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Country/Región:	Argentina/Latin America and the Caribbean
Duration	10 months

A. Background

1. Argentina is located in the Southern tip of the Americas. The large area of the country (2.7 million km²) is divided into 23 provinces. The capital, Buenos Aires, is an autonomous city. Close to 90% of the population of 36.2 million lives in urban centers.
2. In the year 2001, the Argentinean economy lived one of the worse crisis of its recent history. The GNP fell by 4.4% in 2001 and by 10.8% in 2002. Unemployment in 2002 reached 20% and real wages dropped 23% compared to their level in the year 2000. The incidence of poverty doubled between 1999 and 2002, affecting 42% of the population, and extreme poverty quadrupled from less than 5% to almost 19%. Income distribution sharply deteriorated, with the participation in the national income of the poorest 10% of the population dropping by 2%, while the richest 10% saw its share grow by 5%.
3. The lowest point in the crisis was felt in the first quarter of 2002. Since early 2003, positive growth began to be recorded, adding to a growth of GNP of 7.3% for 2003, that lead to a drop in unemployment by 3% and in the inflation rate (from a high of 41% per annum during the crisis to 3.6%. There was also a 3% improvement in the poverty rate between October 2002 and May 2003.
4. Internal demand has recuperated to a significant degree, led by a strong domestic investment rate. The devaluation of the Argentinean peso, coupled with high world commodity prices, led to an improvement in the profitability and competitiveness of exports, which in turn led to a positive balance of payments. These events helped raise tax income and resulted in a primary surplus of the private sector expenditures, as programmed.
5. After three years, in September 2003 the Government of Argentina (GOA) signed an agreement with the IMF, thus normalizing its relationship with the international multilateral organizations. The public debt in 2002 was served and the foreign debt has

been rescheduled. Contracts with the privatized firms providing public services are being renegotiated, and the banking sector is being restructured.

6. The devaluation of the Argentinean peso has created a favorable context for agriculture and rural-based industry and services, which are amongst the productive sectors leading the recovery. It is expected that this conducive macroeconomic environment for agriculture, should remain in place during the next several years, opening new opportunities for a significant reduction of rural poverty. In the rural sector, the crisis accelerated a process of productive transformation. New forms of organization and management of capitalist, high-tech agriculture have emerged, that, on the other hand, have aggravated the concentration of land, an issue with important implications for rural development. On the other hand, simultaneously with the modernization of the high-tech for export sector, the country experience the closing down of thousands of family farms, that had to let go or rent out their lands and migrate to the urban areas in search of a job; almost 25% of all the farms in Argentina closed down between 1988 and 2002. It is estimated that the minimum land area needed by a farm to remain economically viable in the new after-crisis context, has risen by 50%
7. As it frequently happens in the region, these positive macroeconomic dynamics have been somewhat slow in turning around the microeconomic and socioeconomic effects of the crisis. The unemployment rate is still high at 17%. The latest studies¹ show that close to 60% of the population had an income level below the official poverty line and that one out of each four Argentineans lived in extreme poverty.
8. In the rural areas the situation is even worse: 72% of the rural population is poor and 40% extremely poor. These figures surpass the average for the Latin American region as a whole. In total, close to 3 million rural inhabitants are poor, and 1.6 million are extremely poor.
9. Rural poverty is more prevalent and widespread in the Northern provinces, although it is also significant in some sectors of the South. In the Northwestern provinces, about half of the rural population is poor, and in the Northeast the figure is of 48%². The Patagonian region comes next, with a poverty incidence of 32%, while the Cuyo and Pampas regions are less affected by rural poverty (incidence of 30% and 18%, respectively).
10. Half of the rural households are estimated to be headed by agricultural wage earners (32%), half of which have permanent work contracts. Almost one fourth of the households are headed by small farmers. Households dominated by non farm rural wage earners represent 13% of the total, while micro-entrepreneurs (self employed non-farm rural activities) make up 7%.
11. Low wages, weak enforcement of labor laws, unemployment and lack of access to productive natural resources, are among the main causes of rural poverty in Argentina.

¹ World Bank, November 2002. The Argentinean crisis and its impact of household welfare.

² In these regions IFAD is currently implementing two rural development projects, PRODERNEA (Northeastern provinces) and PRODERNOA (Northwestern provinces).

Lack of adequate housing is one of the main unsatisfied basic needs, affecting 86% of all households. The more vulnerable sectors are old persons, rural women and children and indigenous communities.

12. To confront this situation, the GOA has rationalized the public sector budget to strengthen the provision of social services and to introduce new and innovative approaches in the design and implementation of its programs and projects.
13. At the national level³, technical assistance and extension services, agricultural research and phyto- and zoo-sanitary services, are the responsibility of a number of agencies coordinated by the Secretariat for Agriculture, Livestock, Fisheries and Food (SAGPyA)⁴. Financial services are regulated also at the national level. Labor laws are also dictated at the national level. However, the national government has no authority over important issues such as land, zoning and conservation of natural resources, all of which fall under the domain of the provincial governments. There is an overlap of responsibilities between different levels of government over certain key areas.
14. Rural Development policies are coordinated by the national-level Rural Development Commission. In certain provinces, rural poverty reduction policies prioritize technical assistance to rural workers and to the landless, while other provinces pay greater attention to small farmers. At the national level, the Agricultural Social Program (PSA), and the Small Farmers' Development Project (PROINDER)⁵ focus on small growers and on seasonal agricultural workers.
15. With respect to small farmers, the country follows a differentiated development strategy, distinguishing between those with those that have productive potential but that lack adequate links to the goods and services markets, and a second group made up of indigenous communities that live in very marginalized regions and that have little contact with markets.
16. Despite all efforts, the coverage of these policies and programs is still very partial. Besides, the provincial governments are attempting to have greater autonomy to design and implement their own rural development and poverty reduction projects and programs.

B. Rationale

17. The Minister of Agriculture of Argentina has communicated to the Inter-American Development Bank his interest in developing a new **National and Provincial Rural Development Strategy (NPRDS)**. The objective of the new strategy would be the sustainable economic, social and environmental development of rural societies and regions.

³ Argentina has a federal organization, and certain responsibilities have been devolved to the provincial and municipal countries.

⁴ The highest authority for the broad agricultural sector in the country, at the national level.

⁵ The largest of all projects dealing with rural poverty.

18. The Inter-American Development Bank (IADB), with the agreement of the GOA, approached IFAD to jointly respond to this important request, taking advantage of the new cooperation instrument available in the form of the Multi-Donor Program for the Elimination of Rural Poverty in Latin America and the Caribbean, established by Italy, IADB and IFAD.
19. This request by the GOA is considered both by IFAD and by the IADB as an opportunity to contribute to the building of an institutional, normative and operational system for rural development in Argentina, with the goal of changing those structural factors that for a long time have caused the underdevelopment of significant rural areas and of the deprived sectors of rural societies. In Argentina, poverty reduction is closely linked to income distribution, and such a system should be capable of having an influence on improving the access of the rural poor to infrastructure, markets, assets and social services.
20. The new National and Provincial Rural Development Strategy prepared with the cooperation of IFAD and IADB, should focus on the institutional, social and productive transformations that need to be promoted at the level of the different rural territories, in particular those with high rural poverty incidence. Such productive, social and institutional transformations would lead to the promotion of rural employment and of new sources of sustainable income, to the development and strengthening of social and human capital, and to the empowerment of the poor and their organizations, since all of these factors are indispensable for the reduction of rural poverty. The new rural development strategy should consider all the livelihood options of the poor, agricultural and non-farm, self-employment and wage-employment. The promotion of sustainable economic activities that generate employment, through linkages of rural territories to dynamic markets for rural-based goods and services, is an essential part of the new rural development strategy. It must also pay close attention to the strengthening of rural-urban linkages. It should also consider the strengthening of local governments and governance systems that engage the poor.
21. An important part of the collaboration given by the IADB and IFAD to the GOA in response to its request, is to support the establishment of an organizational structure in government capable of planning, implementing and monitoring rural development and rural poverty alleviation programs. Participatory approaches will be supported and promoted in the new rural development strategy, in order to insure that the perspectives of different stakeholders are taken in consideration in the decision making process.
22. Considering the fact that rural women are amongst the poorest of the poor, sustained and systematic efforts will be made to include the participation, interests and priorities of rural women in the preparation and implementation of the National and Provincial Rural Development Strategy.

C. Relevance to Corporate and Regional Strategy

23. The proposal is in line with the most recent developments in the application of IFAD Corporate Strategy Latin America and the Caribbean since it attempts to establish, at the level of a national strategy, the ideas that (a) national political dialogue has to be built from the public-private dialogue at the sub national or territorial levels; (b) that the capture by the rural poor of the opportunities and outcomes of rural development projects can be the result of alliances with non poor agents in non poor regions ; (c) that project implementation can be increasingly done by social and private agents under regulatory frameworks established and enforced by the public sector and (d) that gender considerations must be part and parcel of the broad process of productive, institutional and social change

D. Objectives

24. To support SAGPyA in the preparation of a new National and Provincial Rural Development Strategy, with the purposes of promoting the necessary institutional, social and productive transformations that will lead to i) pro-poor growth through linkages with more dynamic markets and the creation of rural employment and income; ii) the promotion of human capital, in particular among the most vulnerable rural sectors such as women, children and youth and indigenous communities; iii) the strengthening of rural social capital, expressed in rural organizations and stronger linkages, alliances and collaboration and coordination mechanisms within rural societies and between rural stakeholders and other agents; iv) an improved institutional structure for the design, implementation and monitoring of rural development and rural poverty reduction programs and projects, involving the national, provincial and local levels of government, as well as organizations of the private sector and of civil society.

E. Process and Components

25. The approach to be followed for the preparation of the new National and Provincial Rural Development Strategy, will be based on the integration of three levels of participatory, multi-stakeholder analysis: (i) rural territories at the provincial level; (ii) agrifood chains; (iii) specific themes that are of high importance across provinces and across agrifood chains.
26. It is very important to highlight that these are not studies of provinces, much less of agrifood chains; these are participatory, multi-stakeholder analyses of rural development and poverty reduction issues conducted at the level of a province or an agrifood chain. For example, issues of market access, of financial services, or access to infrastructure,... for small farmers in the dairy product agrifood chain. Or the issues of rural women, indigenous communities and natural resource management in the Province of Misiones.

27. Relevance to poor rural people and to small and medium farmers and rural entrepreneurs, will be a key criterion for the selection of the specific units and issues to be included in each level of analysis.
28. Environmental and gender issues will be considered in each level of analysis, during all the stages of the preparation of the strategy, but they will also be treated specifically through the thematic papers.
29. A participatory multi-stakeholder approach will be used in each of the three levels of analysis. These studies will not be the product of a few individuals working in isolation, but the final products of a process that will involve real consultation and dialogue with multiple and diverse stakeholders, as well as careful, rigorous and systematic analysis by carefully selected experts.
30. Before engaging in the preparation of the studies in each of the three levels of analysis, a conceptual and policy framework will have to be formulated. The main purpose of this paper is to provide a framework for the integration of the specific results coming out of the work at the provincial, agrifood chain and thematic levels. In addition, the process leading to this initial document will also yield two important by-products: (a) a final list of the provinces, agrifood chains, and themes, to be included in the next stages of the process, and; (b) the key elements of the terms of reference for the specific studies/processes at the provincial, agrifood chain, and theme levels.
31. This initial paper will be contracted to a panel of three or four outstanding experts, each of them highly respected in Argentina and internationally. The panel will be selected in close consultation with IADB, IFAD, and SAGPyA. The panel members will elect the panel Chair between them.
32. For the analysis at the territorial/provincial level, six to eight units of analysis will be selected based on the conclusions and recommendation of the initial document. It is expected that the provinces selected will be distributed mainly in the Northeast, Northwest, and South, with one or two in other regions of the country. In each case, the process will include: (i) identification of key public and private stakeholders, with particular care taken to include the poor who are usually less organized and less represented in traditional fora; (ii) a series of in-depth interviews with representatives of the identified stakeholders; (iii) a multi-stakeholder workshop; (iv) analysis of secondary information.
33. A similar process will be followed in the second level of analysis, that of agrifood chains. Six to eight agrifood chains will be selected as a result of the initial document. Again, the process at this level of analysis will include: i) identification of key public and private stakeholders, with particular care taken to include the poor who are usually less organized and less represented in traditional fora; (ii) a series of in-depth interviews with representatives of the identified stakeholders; (iii) a multi-stakeholder workshop; (iv) analysis of secondary information.
34. Universities, leading NGOs, think tanks and private consultancies will be contracted to conduct the studies/process at the provincial and agrifood chain levels. One

organization will be strictly limited to a maximum of two such studies, preferably to only one.

35. The third level of analysis is that of papers covering selected themes that cut across provinces and agrifood chains. About ten such papers will be prepared, of which two are mandatory: challenges and opportunities facing rural women in Argentina, and environmental issues in Argentinean rural development. Examples of other topics that may come out as a result of the initial document, include: promoting urban-rural linkages, policies to promote human capital in Argentinean rural areas, access to financial services, linking rural areas to dynamic markets, increasing rural employment, et cetera.
36. The thematic papers will be contracted to highly qualified individuals, selected based on the recommendation of the initial panel of experts. Each expert will be limited to only one paper.
37. Two national multi-stakeholder workshops will be important fora during the preparation of the strategy. The first one will take place to discuss the draft of the initial conceptual and policy framework. The objective of this workshop is to obtain the input of different sectors of Argentinean society since the very initial stages of the process, thus building ownership over the final product. It is expected that this initial workshop will also promote greater participation in the provincial, agrifood chain and thematic studies,
38. The second workshop will take place after the provincial, food chain and thematic studies have been finalized, and before the final report is drafted. The purpose of this workshop is to have the different stakeholders and sectors discuss and enrich the results, conclusions and recommendations of the studies conducted during the process, so that their views can be considered in the formulation of the final report.
39. The final report will then be a synthesis of:
 - six participatory studies and workshops at the provincial level
 - eight participatory studies and workshops at the level of agrifood chains
 - up to ten participatory thematic studies
 - two national level multi-stakeholder workshops
40. The final report will be drafted by a team of up to four Senior Experts, working with a team of Junior assistants to process and synthesize all the information contained in the 22-24 reports and coming out of the two workshops. The leading experts will be selected in close consultation with IFAD, IADB and SAGPyA

F Expected Output

41. The following series of documents will be the result of the 26 workshops held at the selected provinces and at the national level
- Six documents on the potentialities for rural development and poverty elimination at the provincial level
 - Eight documents on the potential contribution of strategic agrifood chains on the development of small and medium rural enterprises
 - Up to ten reports on the integration of gender and environmental issues in national and provincial rural development strategies
 - One document on the National and Provincial Rural development Strategy

G. Implementation Arrangements, Monitoring and Reporting

42. IADB, IFAD and SAGPyA will each name one representative to a Steering Committee, presided by SAGPyA, that will have the functions of:
- Providing programmatic and strategic orientation and guidance to the process, in accordance with the current Terms of Reference.
 - Making sure that all relevant sectors of Argentinean society have an adequate opportunity to be consulted and to provide their inputs into the process in a meaningful manner and to a substantial degree
 - Supervising the quality of the process and the products
43. The Steering Committee will meet at the start and at the end of the project, and as frequently as it deems necessary in between those two meetings.
44. Implementation and all executive tasks will be the joint responsibility of IADB and IFAD. To assist in carrying out this function, both agencies have agreed to contract Rimisp-Latin American Center for Rural Development, to implement the following tasks:
- Prepare specific Terms of Reference and Contracts with all the individuals and organizations engaged in the different studies, as well as with others that will provide services for specific activities (e.g., meeting rooms for the workshops); copies of all ToR and all contracts will be given to IADB, IFAD and SAGPyA immediately after signing.
 - Supervise in the field the different studies during their implementation
 - Read, review and approve or reject the intermediate and final reports prepared as part of each Contract
 - Circulate and communicate partial and final results between the teams working in the different studies, identify synergies and opportunities for shared work and

collaboration and for the cross-utilization of data, information, resources and results

- Keep SAGPyA, IADB and IFAD well informed throughout the study, making sure that all important issues are raised at the appropriate time for decision making and action
- Participate as observer in the meetings of the Steering Committee
- Keep adequate accounts of all income and expenditures, and provide IADB, IFAD and SAGPyA with a complete Financial Statement at the end of the project; maintain the records ready for any external evaluation that either IADB, IFAD or the Government of Italy may require, at their own cost