Rural Development Programs in Argentina and its Institutions
(in the context of neoliberal macroeconomic adjustment)∗
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SUMMARY

Rural development begins in Argentina together with the restoration of democracy in the 1980s, but the first actions only started to be developed in the 1990s. Since then, different programs have followed and overlapped. These programs are precisely the purpose of our study.

This paper discusses the resultant rural strategies of the main rural development programs of Argentina in the context of the neoliberal macroeconomic adjustment. It identifies its institutions and analyses whether the actions that are being carried out are suitable or not, and if the assistance to help the rural poor (promoted by international financing organisms) is feasible in face of the negative impact of the neoliberal policy over the small and medium farmers. Besides, this paper looks into and develops questions about the suitability of local and provincial institutional structures for satisfying the institutional demands of rural development programs.

Our starting point is the macroeconomic transformation of the 1990s, which affected the agricultural activity and brought about permanent processes of re-structuring and de-structuring of the public and private institutions linked with rural development management.

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Introduction

In Argentina, during the mid-1970s, precisely in 1976, with the overthrow of the constitutional government of Isabel Perón, and the take-over of the military dictatorship, with Martínez de Hoz as Minister of Economy, a new economic model began to develop. This new model coincided with the onset of a neoliberal policy that would progressively replace the Keynesian model and the policy of the Welfare State that had been applied during the three previous decades. The advent of neoliberalism would bring about a policy of structural adjustment which, with differences, would go further than the succeeding governments that followed since that time, and would imply an increase in the socioeconomic and social inequities.

It was since the debt crisis of the early 1980s that this policy could achieve total legitimacy at national and international levels. However, it was since Carlos Menem’s first presidency -and more precisely, with Minister Domingo Cavallo’s Convertibility Plan of 1991- that a model with social and economic viability emerged based on the objectives of the Washington Consensus, and designed to meet the commitments of the external debt. During the previous period, even when the adjustment was already running, it could neither be fully performed nor applied in the orthodox terms of the Mememist period either. Internal and external factors prevented it from being established during the military dictatorship as well as during the democratic government of Raúl Alfonsín. The causes were the lack of social consensus and the instability of the economic and social situation that did not offer enough guarantees to the external investor. On the other hand, this was both cause and consequence of the successive economic crises, of the hyperinflationary periods and of the unsuccessful negotiations with the International Monetary Fund (IMF) and even with local businessmen.

The convertibility plan included the privatizations and de-regulations that led to the dismantling of public bodies of institutional and political control. In this context, the population with the lowest incomes suffered severe impacts in their socioeconomic

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situation. Even vast sectors of the middle classes added up to the masses of those excluded from the productive system.

The unemployment rate in May 1989 (when Menem became President) was 8.1% and in October 1999, when he finished his two governmental periods, it increased to 13.1% (with an underemployment rate of 14.3%). The highest unemployment rate of this governmental period was in May 1995 (18.4%). Then, it decreased, with some ups and downs, although it always kept above the two digits, reaching 21.5% in May 2002.

The notorious increase in unemployment and the violent transformation of a wide social sector into exceeding population opened the door to a succession of poverty, hunger, insecurity and social riots that dominated the scene in the mid-1990s. In some provinces, the unemployment rates were close to, or even higher than 20% - Jujuy, Tucumán, Bahía Blanca, Mar del Plata, Salta, Concordia, Gran La Plata, Gran Santa Fe, Río Cuarto, Gran Rosario, Gran Catamarca-. It was a process of national de-structuring expressed in impoverished provinces with high debts.

Besides, the adjustment and restructuring was escorted by institutions adequate to its own interests. The viability of the model was possible because it acted through degraded institutions; through which Argentina would have no chance to develop its economy or to insert itself in the competitive global context.

This leads us to ask ourselves about the feasibility, in the mid-term, of the self-sustainability of the potential improvements in the income and/or in the occupation of the families of poor farmers that are promoted by different Programs of Rural Development existing in Argentina since the 1980s. Which is the scope and the feasibility of the strategies of rural development in Argentina in the context of the neoliberal socioeconomic adjustment? Do proposals centered in the expansion of production and agricultural productivity of poor families achieve their productive inclusion or do these families remain in their situation of poverty and exclusion? Is it only an economic problem or is it also affected by the present institutional weakness in Argentina?
Neoliberalism, institutions and development policies

The neoliberal period led to a gradual process by which the State abandoned its traditional roles of promoting development and guaranteeing equality of opportunities in education, health and housing.

Widespread privatizations and de-regulations were the main instrument of this policy to ensure a differential profitability and, consequently, intensify the concentration of capital. Concessions, powers and advantages in prices and conditions were granted to private investors, frequently in strategic areas such as natural resources, transport, energy and communications.

At the same time, the National State restricted itself in its competence as a market regulation entity, for example, by disarticulating the regulatory institutions for food and raw materials (grains, meat, cotton, yerba mate, tobacco). The State also gave in specific functions of the Central Bank, as happened with the convertibility plan by Minister Cavallo. From then on, the dollar became the actual exchange standard.

Likewise, the participation of international organizations was encouraged for the funding of specific projects and programs. This involvement reached even the design and implementation of such projects. This contributed to the increase of the external debt because funding came through international loans. Jointly, the government fostered the implementation of social policies by NGOs (non-governmental organizations) under the argumentation that this would imply operational benefits due to their lower operating costs and NGOs would contribute to increase the participation of civil society in public issues.¹

The programs aimed at the rural poor were inserted in the context described above, with a growing social polarization and with a State that disregarded and/or lacked instruments for the implementation of a national development policy. Some of them (as the PNEA -Program for Small Producers of the Argentine Northwest-, PRODERNEA -Program of Rural Development of the Argentine Northeast-, PSA -Agricultural Social

¹ In the rural environment there are few NGOs specialized in rural development with many years of expertise. The NGOs dealing with family farmers tend to have a lower scope regarding the number of beneficiaries and the kind, diversity and extent of the services they offer; occasionally they can exceed 2,000 beneficiaries by NGO. Those with most experience are: INCUPO –Institute of Popular Culture –, INDES –Institute of Social Development and Human Promotion –, FUNDAPAZ –Foundation for the Development of Justice and Peace.
Program-, PROINDER -Program of Rural Development Initiatives-) were intended to implement and reach an integral proposal of productive transformation and improve the income or standard of living of the rural poor. These strategies are contradictory at a national scale since they are part of macroeconomic processes characterized by the systematic discrimination and exclusion of the small agricultural producing sector.

These processes were not restricted to Argentina; they appeared in the whole of Latin America with local, national and regional specificities. Latin America was the first goal of the Washington Consensus, of the macroeconomic adjustment. Chiriboga (1997: 14-17) in a specific analysis of the subject says: “...the fiscal austerity that characterized the reforms in the Region has implied an important decline in the supply of public services, such as roads, communications infrastructure, electrification, irrigation, education and rural training... With only a few exceptions, what characterizes the Region as result of the economic reforms, is the weakening, and even the vanishing, of sector-aimed policies and of organizations in charge of supporting the agricultural producers... The implemented reforms have not been able to promote an alternative institutional system in support of small agricultural producers either. In fact, the main effect was a big reduction in loans programs, technical assistance or commercialization among this kind of producers” (translation and italics are ours).

**Rural Development in Argentina**

The State concern for implementing programs to improve the situation of the families of the poor agricultural producers had it first attempt in the democratic period that began in 1973 with a Program of Re-conversion of Small Holding Areas, which, unfortunately, had a short duration due to the sudden political changes typical of that period. The rural development issue would re-appear ten years later, with the following democratic period (by the end of 1983).

Previous programs –from the 1960s and early 1970s- had different characteristics. The concern about poverty was minor, having as a priority the insertion and sectorial, agro-industrial, mercantile and capitalist development of family producers with a certain degree of capitalization. They were plans of colonization of integral rural development, such as
that of the Río Dulce in Santiago del Estero or that of the Institute for Development of the Lower Valley of the Río Negro -IDEVI-.

Lombardo and Tort (1998: 6) mention the Agricultural National Program -PRONAGRO- designed by the National Secretary of Agriculture, Livestock and Food -SAGPyA- in 1984, as the first case in the period of democratic restoration under the radical administration of Raúl Alfonsín. However, they say it could not be fulfilled because of the opposition of the middle and large farmers of the Pampas and also for the economic plan known as Austral.

The first actions in rural development of this period could be performed only at the beginning of the 1990s; we are referring to the PNEA, although its design began in the mid-1980s, with the return of democracy.

In 1987, the Coordination Unit for Research Projects and Plans for Small Holding Producers was established within the National Institute for Agricultural Research -INTA- dependent on SAGPyA. This unit was aimed at generating and validating agricultural and forestry technology for these producers. This was a totally new experience for the INTA since, until then it had only assisted medium and large producers.

In all aspects: institutional, professional, programmatic and political, rural development is a recent experience (just a bit longer than a decade). Actually, it was only towards the 1980s that Argentina began to be considered a country with rural poverty.

The reason for this fact may be traced in the historic development of the country that had shown, until then, an economic dynamics very different from the rest of Latin America. Its extraordinary and varied agricultural production and its scarce population marked the initial difference. Since the end of the XIX century and well into the XX, the gross domestic product and the foreign currency came from exports of grains and meat, and these products (in the hands of medium and large farmers) had a differential profitability in the world due to the natural high productivity of the Pampas. The economic dynamism resulting from the period of the substitution of imports is also very important to build the image of a rich country: the development policies and the Welfare State of the 1950s to 1970s allowed for the insertion of many small rural producers in the dominant economic model, either producing food for the growing domestic market or migrating and finding jobs in the new national industry. This caused an early urbanization centered in the main
Pampean provinces: Buenos Aires, Santa Fé and Córdoba. It was a period of massive migrations from the country to the city responding to the intense employment demand from the industries located in the most urbanized areas (Manzanal 1993: 28-34).

In the mid-1970s, a process of structural transformation started together with the beginning of the neoliberal model. Since then, a set of measures, historically demanded by the most concentrated exporting sector, began to be systematically implemented: the dissolution of the Grain and Meat Board, the elimination custom duties to exports, the establishing of a unique exchange rate and the reduction of the custom duties to imports. The impacts of these measures varied according to the productive insertion type (agro-exporting or domestic). Those producers related to the domestic market had to face the recessive effects of the crisis on this market.

Therefore, the exporting agriculture began to grow rapidly. The fishing activity had also a very important dynamics in relative terms. Oilseeds and cereals showed the biggest productive increases while the traditional products (meat and regional crops) lagged behind.

At the same time, the socioeconomic situation of the small producers worsened due to the decrease in the process of their products as a result of the adjustment, the deregulation and the privatizations. The small producers were affected by: a) the elimination of quotas for sowing, harvesting, manufacturing, and marketing of traditional production. b) The suppression of the grant they received through the Commerce Employees’ Family Grants Office -CASFEC- as in the case of the cotton producers. c) The decrease in the resources distributed as overprice for tobacco producers. d) The absence of subsidized loans as a result of the privatization of the provincial banks. e) The implementation of a regressive tax system, which implied a heavier load for the small producers (the biggest revenue comes from taxes on consumption such as the Value Added Tax -VAT). f) The trend to the elimination of informal economy, in which the small producers were operating at that time.

**The beneficiaries of rural development programs**

One of the characteristics, or requirements, of the programs to alleviate rural poverty promoted by the international funding organizations is the focus on the potential
beneficiaries. Soverna and Craviotti (1998: 18) affirm that in the projects of rural development, “focalizing” is a requirement to guarantee that the benefits of a project be directed to those that meet the poverty criteria defined for each case.

To focus on the programs’ beneficiary groups it is necessary to define, beforehand, the potential population universe, its relative importance and its location. Then, the Programs set up their respective eligibility criteria. However, this task has turned out to be very complex for different reasons, ranging from the theoretic-methodological difficulties emerging from the different conceptualizations and interpretations of the beneficiary subject to the inadequate data base available.

There is a great diversity of situations that compose the universe of agricultural family production, as well as an overlap of different interpretations that try to identify and make the concepts of peasantry, small agricultural holding and rural poverty, operational.

Neiman (1997:1 a 4) when he refers to “rural poverty” says that: “it does not refer exclusively to geographical contexts of relative isolation, to institutional deficiencies and/or to social subjects typical of the country, but it refers to a more complex notion given by the present re-structuring of the activity” (translation is our). He emphasizes that the trends towards globalization and re-conversion imply: (i) an expansion of the non-agricultural rural activities; (ii) modifications in the relation capital-labor that accelerate the decrease in the welfare of the rural population and make the labor markets more flexible; and (iii) an increase in the regional differences due to the fragmented and unequal character of the current development.

Carballo (1996:57) states that the agricultural family production is: “a heterogeneous universe that includes families producing for their own consumption as well as units with important levels of capitalization totally connected with markets” (translation is our).

Based on data from the Population Census of 1991, the SAGPyA (1997*:4) estimated that in that moment there were 128.000 poor agricultural rural families (that is to
say with Unsatisfied Basic Needs -UBN-).² This figure refers to family heads in rural zones and includes small producers as well as temporary workers.³

In spite of the complexity of the respective informative and methodological context, we know through different indicators (information surveyed locally in different provinces) that the poor farms have decreased considerably lately. This is a consequence of the neoliberal policy that made many small producers leave their farms and led to the bankruptcy of their economic activities. These holdings are located basically in the northern and northeastern provinces.

Finally, what do Argentine small family farmers cultivate? They do not produce the basic food included in the household expenses. Cereals, meat, and oilseeds are grown by the capitalist agricultural sector. The small family producers of the non-pampean economies produce basically traditional agro-industrial crops. According to Carballo (1991: 157) at the end of the 1980s they produced: 10% of sugar cane production, 15% of grapes for wine, 25% - 30% of cotton, and 10% of tobacco. They also raised yerba mate, tea, vegetables, sheep and goat stocks.

This production must have decreased considerably in the last decade because of the degradation of the small holding sector and the increase in the participation of the large agricultural holdings in the total volume of these products.⁴ Since the liberalization and deregulation of the market, the productive boom of cotton, sugar cane, tobacco and yerba mate is well known. This expansion was shown in the notable productivity increases led by big agricultural companies, many of them new in the sector.

The specificities of the rural development programs

The different rural development programs described in this paper can be situated in the general context described above. These programs do not constitute a State policy given that there is no legal and institutional framework that gives consistency to the development

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² This national estimation was made within the SAGPyA to calculate the target population for the PROINDER program.
³ However, to identify and quantify the peasant families, or small holdings or small family producers, it is better to use data from Agricultural Census that include specific data from families working in an agricultural holding (unfortunately, the Agricultural Census was carried out 14 years ago, in 1988).
⁴ The lack of a new Agricultural Census prevents us from giving accurate information on this issue.
model, designs the strategy, coordinates the particular actions of each program and rules its institutional, administrative and territorial organization as well as its respective benefits.

The current rural development programs whose target population are the small poor agricultural producers and which have an “integral” strategy for the transformation and the productive insertion of the sector and whose loans and subsidies have a central role, are: the PRODERNEA (prolongation of the PNEA, ended in 1997), the PSA and the PROINDER (enlargement of the PSA). Additionally, we can mention the PRODERNOA (Program for Rural Development of the Argentine Northwest) with similar characteristics to the PRODERNEA but centered in three provinces of the Northwest (Jujuy, Salta and Catamarca) and that has not started yet (although the loan contract was signed in the year 2000).

We must mention that within the SAGPyA there are other programs such as Peasant Woman from the Argentine Northwest, Rural Change, Small Holding Unit, Pro-Huerta, Project for the Restructuring of Tobacco Areas (PRAT), Forestry Project of Development (CAPPACA), and Regime for the Promotion of Forest Plantations (RPPF). But, generally, these programs are not basically aimed at small producers, or they lack an integral strategy for their transformation, or their main component is the technical assistance instead of loans and subsidies.5 Anyway, they should be taken into account in other analyses related to the small holdings population because some of them support or complement their own actions with the ones of the programs analyzed in this paper. For example, in certain activities or locations the PSA, the PNEA, the Small Holding Unit, the Pro-Huerta and the Peasant Woman have shared the implementation of their projects.

In other areas of the national and provincial public sector, there are also programs that benefit small producers. This is the case of the Secretary of Social Development of the Presidency, with the Participative Fund of Social Investment -FOPAR- and the Participative Fund of Capitalization -FONCAP-; and the Ministry of Labor with the Youngsters’ Project and the Work Plan. They matter precisely because, together, they contribute to the different services and actions directed to the small agricultural producers.

5 Besides, they usually have a wider definition of target population (Rural Change, Pro-Huerta, PRAT) or have only one specific component for small producers (CAPPCA, RPPF) within other broader actions (Pfr. SAGPyA, 2000).
However, these benefits cannot be adequately profited from due to the absence of a policy and a coordinated strategy.

We will now introduce some characteristics of the main current programs which are the subject of this paper. The following data were obtained from SAPyA (1996: 69 - 82):

1. PRODERNEA

This Program is an extension of the PNEA and, therefore, has many things in common with it. The PNEA was one of the first experiences in rural development and although its design began in 1984, it was implemented only at the beginning of 1991 and it concluded in 1997.

The institutional organization of both programs was based on a National Coordination Unit, with headquarters in the SAGPyA, and the implementation bodies were the Agriculture Ministries of Chaco, Corrientes, Formosa and Misiones (in the PNEA Chaco was not included). Both were funded through a loan from FIDA – BID (International Fund for Agricultural Development –Inter-American Development Bank) subscribed by the Nation and transferred to the provincial governments by the SAGPyA. The provinces were responsible by law of the external debt, guaranteed by the Federal Co-participation, and they implemented the Project through their agriculture Ministries and contributed with counterpart resources (SAGPyA; 1999).

The PRODERNEA (and the PRODERNOA as well) are aimed at a group of small agricultural producers whose economic level is higher than that of the beneficiaries of the PNEA. Its objective is to increase the family income and the self-management capabilities of small producers and Indian population of the region. This goal is achieved through the diversification and re-conversion of the production, an improvement in the access to the markets, the establishment of a special fund for small producers and the empowerment of small producers’ organizations.

The provincial governments are responsible for its implementation; having started by the end of 1998 and lasting for 5 years (Pfr. SAGPyA; 1997: 62 and ss). In fact, in January 1999 it began in Misiones only. Apparently it should be deferred beyond the year 2003 due to the delays in its implementation. The provinces joined gradually, one per year
(in May 2002 Corrientes had not started the Program yet and Formosa had not disbursed the money). Only Chaco and Misiones were able to start with the Program.

In this project, the national Director was replaced twice (February 2000 and April 2001) according to the political modifications at the national level (and therefore in the SAGPyA). This has implied a delay in the implementation.

The disbursements for Misiones amounted to u$s 650,000 until November 2001 (from a loan of u$s 16 million). Chaco went through political problems and difficulties in the technical implementation. As this province was not included in the previous stage of the PNEA, it had less availability of people with expertise specific in strategies and actions for small producers.

The program demanded a strong effort from technicians with producers, because it was based on a loan that required repayment. And this meant a lot of technical support and training from the National Unit which was somewhat dismembered because of the political changes derived from the removal of most of the technicians that had worked in the PNEA for many years. Similarly, in some of the participating provinces, there may have been interference from the provincial government with the decisions related to the projects.

During 1999, another project -the PRODERNOA- was designed. It was approved by FIDA in September 1999, with similar characteristics to the PNEA and the PRODERNEA but intended for 3 provinces of the Northwest: Jujuy, Salta and Catamarca. The loan contract was signed in November 2000 but the project has not started its activities yet. Salta, Jujuy and Catamarca have not approved the law allowing them to receive the loan, and therefore the respective contract with the SAGPyA was not signed either (this loan has no commitment commission). The debt is of about u$s 5 million for Jujuy (being its counterpart 2 million), u$s 4.5 million for Catamarca (u$s 1.5 million counterpart) and u$s 8 million for Salta (u$s 3 million counterpart)

One important difference between the PRODERNEA and the PNEA is that the former is aimed at producers with entrepreneurial skills, that is to say, producers with a higher economic profile.

2. PSA
By the end of the 1990s another line of action was born within the SAGPyA for the rural poor: the PSA, which started in April 1993 without due date and with national scope. The whole country is included with the exception of Santa Cruz and Tierra del Fuego.

When the PSA started working, the PNEA was already running in the northeastern provinces with similar strategies and target population. During the first half of the 1990s, the PSA and the PNEA were the most important programs focused on the poor small agricultural producers, and so it was necessary for both programs to agree on coordinated guidelines to avoid overlapping and friction among provinces. Key informants state that these guidelines could not always be fulfilled. This demonstrates the need to develop a unique policy for the target group with a central coordination.

The main support for the PSA comes from funds from the national budget. In the beginning $10 million were assigned for the launching of the sub-programs. Later it received annual funds of about $4 and $9.5 million, depending on the year. The amount transferred to the beneficiaries (accumulated up to the end of 2001) was approximately $28 million (SAGPyA, 2000: 40).6

Its goals are: (i) contribute together with the small agricultural producers to the search of alternatives to face the economic crisis; and (ii) increase the income of small agricultural producers and promote its organized participation in political decisions about programs and projects.

The PSA works through a decentralized structure composed by a National Technical Coordination Unit -UTCN-, the National Coordination Committee and the Advisory Council on the national level; and a Provincial Technical Coordination Unit -UTCP- for each of the 21 participating provinces. In each UTCP there are representatives from the provincial governments, the INTA, the NGOs and the producers. The provincial coordinator of each UTCP depends on the UTCN.

In the National Coordination Committee there are representatives from other programs of the SAGPyA, the INTA, the Inter-American Institute for Agricultural Cooperation -IICA-, the Inter-Cooperative Agricultural Confederation Ltd -CONINAGRO-, and the main NGOs related to rural development.

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6 Due to the convertibility plan, between 1991 and the end of 2001 all figures in pesos are equivalent to US dollars.
3. PROINDE R, Project of Rural Initiatives

In the mid-1990s a new stage started which focused on groups of extreme poverty through donations or subsidies. The most representative example is the PROINDER, with headquarters within the SAGPyA but funded by the World Bank -WB-. This program is an extension of the PSA. Its principal component, a granted fund, depends on the PSA.

In early December 1998 the PROINDER was formally launched, being its total funding budget u$s 100 million, being 70 % provided by the WB and the rest by the Nation. Its ending is expected by the year 2003.

This program was being designed for many years, as happened with the PNEA. In 1994 the diagnostic stage started (Soverna and Craviotti, 1998:3). In the preliminary versions of this program the “improvement of income” was not included among its objectives. However, in the last revision, it appeared as a goal but without any quantification. Its explicit objective is: “to improve the standard of living of the rural poor population in a framework in which such population may participate in an organized way in the decision-making which affects them and in conditions of sustainability of natural resources and the environment”. Some of its intermediate objectives are: increase quantity and/or quality of the production, inclusion of new productive activities, improvement of the production for self-consumption, better positioning in the market, better equipments.

Its main component is a fund (FAIR –Fund of Support to Rural Initiatives) that subsidizes investments of beneficiaries. This is its main difference with the PSA that gives loans that require repayment. This Fund has an application methodology similar to the one applied in the PSA: the beneficiaries, gathered in groups, participate in the diagnosis, design, implementation, follow-up and evaluation of sub-projects or initiatives (Pfr. Soverna and Craviotti, 1998: 2).

As the main component of this program is based on subsidies for rural workers and vulnerable population (indians, women and young people) it may be considered as a new trend in the design of rural development programs. The emphasis is on rural poverty in general, and not on agricultural producers only, and the actions are oriented towards assistance rather than towards self-sustainability. The heterogeneity and seriousness of poverty in rural environments reduce the concern about production and agricultural
holdings as an exclusive issue. Therefore, we can conclude that the concern is focused on “assisting and alleviating the situation of extreme poverty” of the poor living in rural environments (working in the agricultural sector or not) rather than on making structural transformations.

This approach is also evident in the transfer of PROINDER funds to the Program for the Recovery of the Productive Capacity of the Small Producers affected by floods (PROEMER) during 1999, although its aim was to alleviate the social emergency situation brought about by the natural disaster related to El Niño phenomenon. The PROEMER, which started functioning as a PROINDER component since August 1998, received U$S 31 million that were distributed as individual subsidies to 39,000 producers in emergency situation in the following provinces: Corrientes, Santa Fe, Misiones and Santiago del Estero.

The lack or scarcity of additional national resources to face this social problem led to the use of PROINDER funds, which were originally intended for other objectives. This transfer of funds had direct effects in the delay in the implementation of the original components of the PROINDER until the end of 1999. Additionally, this fact is somewhat connected with the low priority assigned to this project by some groups related to the political power.

The following tables show a summary of some variables that characterize the three current programs (the PNEA, ended in 1977, is not included).

### Table 1: National Programs of Rural Development in Argentina, Institutions in charge and Target Population

<table>
<thead>
<tr>
<th>ACRONYM</th>
<th>INSTITUTION IN CHARGE// EXECUTING INSTITUTION</th>
<th>TARGET POPULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSA</td>
<td>SAGPyA//SAGPyA</td>
<td>159,712 small producers</td>
</tr>
<tr>
<td>PROINDER</td>
<td>SAGPyA//SGPyA</td>
<td>127,565 families with UBN related to agricultural production.</td>
</tr>
</tbody>
</table>
41.700 families with agricultural holdings of less than 25 hectares\(^2\) has in the provinces of Misiones, Formosa, Corrientes and Chaco and 10.550 indian families from Misiones, Chaco and Formosa.

- **Source:** SAGPyA (2000: 37) “Los programas nacionales de desarrollo rural ejecutados en el ámbito de la SAGPyA”, *Serie Estudios e Investigaciones 1*, PROINDER, Buenos Aires.

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<table>
<thead>
<tr>
<th>ACRONYM</th>
<th>TARGET POPUL.</th>
<th>ELEGIBILITY CRITERIA</th>
<th>LOCATION</th>
<th>SERVICES OR ASSISTANCE TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSA</td>
<td>none</td>
<td>Groups of at least 4 families in Patagonia, 6 in the rest of the country, the producer works in the agricultural holding, permanent household in the holding, lack of permanent salary job and contract of transitory labor only in moments of high demand, extra-holding income coming from transitory labor or handcraft not surpassing the salary of rural worker, income level coming from holding not higher than two monthly rural worker salaries, and capital level not higher than $20,000, excluding family household and land.</td>
<td>National scope, except Santa Cruz and Tierra del Fuego.</td>
<td>Technical assistance. Training. Marketing Support. Assistance with solidary payback of $200 per family, $2,000 per self-consumption projects group. Loan up to $1,200 per family, $50,000 per group in associative productive initiatives.</td>
</tr>
<tr>
<td>PROINDER</td>
<td>40,000 small producers and transitory poor workers.</td>
<td>Rural household, the producer works in the agricultural holding, not hiring more than 60 annual wages, family work outside the holding, not higher than 270 annual wages, fixed capital not higher than $15,000, livestock existences not higher than 500 sheep or goat heads or 50 cattle heads, not having a shed of brick or metal sheets of more than 50 m2, have any of the needs listed in the UBN indicator.</td>
<td>National, except Santa Cruz and Tierra del Fuego. Focus per department</td>
<td>Funding not reimbursable for investment initiatives. Limits of $200 per family and $4,000 per group for self-consumption projects; $1,500 per family and $22,500 per group for projects of community use and/or holding infrastructure, and $1,500 per family and $50,000 per group for projects of community use infrastructure. Technical assistance. Training. Marketing support. Institutional empowerment.</td>
</tr>
</tbody>
</table>

\(^2\) 1 hectare ("ha") is equivalent to 2.5 acres
Small producers with some productive resources and entrepreneurial management skills but who face multiple limitations. Requirements: living in the rural area corresponding to the Project and working in their own holding with predominant use of family labor, working in an agricultural holding of up to 25 ha or bigger but with only 25 ha of apt land; not to be in debt with the PNEA or other credit programs; most of the family income should come from the agricultural holding, with possible outside income complement from a family member; keeping a productive structure with a clearly commercial orientation, that can exist together with self-consumption production (the latter represents a minor part in the family income). Indian communities are also eligible, whether they practise agriculture, handcraft, fishing, hunting or recollection.

Chaco, Corrientes, Formosa and Misiones. Focus per department except in Chaco.

Credit up to $5,000 per producer and $50,000 per group; lower limits in innovative activities or rural non-agricultural. Promotion of organization and technical assistance. Training and communication. Commercial and agro-industrial development. Support Fund to indian communities. Gender consideration and activities with rural youngsters.

### Source

### Table 3: National Programs of Rural Development in Argentina, operating period, total amount and funding agencies.

<table>
<thead>
<tr>
<th>Nº</th>
<th>ACRONYM</th>
<th>STARTING DATE</th>
<th>ENDING DATE</th>
<th>TOTAL AMMOUNT</th>
<th>FUNDING AGENCY AND % OF FUNDING</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>PSA</td>
<td>April 1993</td>
<td>Still operating</td>
<td>Subject to budget items. $9 million per year (average).</td>
<td>National Government (SAGPyA)</td>
</tr>
<tr>
<td>2</td>
<td>PROINDEr</td>
<td>May 1998</td>
<td>May 2003</td>
<td>$100 million</td>
<td>75% BIRF 25% National Government</td>
</tr>
<tr>
<td>3</td>
<td>PRODERNEA</td>
<td>January 1999</td>
<td>January 2004</td>
<td>$36 million</td>
<td>45,7% FIDA 52,6% Provinces 1,6% SAGPyA</td>
</tr>
</tbody>
</table>

### Source

### Some limitations of the rural development programs
When analyzing the operation of all these programs, it is clear that there is overlapping of objectives, territory coverage, subjects and actions and, therefore, we can conclude that the coordination and complementation among them has not been enough so far. Without any doubt, there is no institutionalized rural development policy, producing as a result a sum of different programs and actions rather than a coordinated strategy aimed at common objectives.
If we compare the strategy of rural development programs with the social and regional impacts of adjustment policies in Argentina, some contradictory aspects arise. For example:

1. There is no national, regional or local instrumentation to face the restrictions posed by a recessive, concentrated and highly competitive market, especially for small family producers, who have no control over it.

2. There is a lack of regional diagnosis indicating the specific and essential actions to be developed in each zone to be promoted, as well as the particular projects of rural development for target groups. The programs work without any coordination with regional or provincial development policies that could act as framework and boost it. At the provincial level, we notice a lack of connection between public organizations and institutions in charge of rural development and small producers’ organizations and support NGOs.

3. The information about small producers at national and provincial levels is not updated; this brings about ignorance about the productive and socioeconomic characteristics of small producers and agricultural transitory workers. This is consistent with the lack of a national strategy of rural development defined in a coordinated and centralized fashion and, at the same time, of provincial strategies.

4. The loan or subsidy amounts given to the beneficiary families do not match up with the necessary resources to start with the modifications the sector needs to overcame its situation of poverty and structural deficiency. The two most important national programs have distributed $1.200 (the PSA) and $1.700 (the PNEA\textsuperscript{8}), in average per family. These amounts can be very important for each family. Due to the low annual income of most of these small producer families, these subsidies may represent more than 30 % of their total annual income, plus the additional value that it is cash. Nonetheless, they do not mean or allow structural changes in the productive development of small producers.

5. The total amount destined for loans and subsidies is small if compared with the funds assigned to training for organization, for the productive, technical, administrative and financial activity in the agricultural holding, and for the development of self-consumption orchards –Rural Change, Small Holding Unit, Pro-Huerta, Peasant Woman (some of them...
may have been lacking funds for a long time and particularly at present -2002). Although the poor agricultural producer families have received some assistance, this does not mean that they have been able to find “solutions” or autonomy to become independent because each small producer needs loans, specific technical assistance and multiple actions performed in a coordinated fashion. Furthermore, there are about 100,000 poor agricultural producer families that require an improvement in their productive conditions and standard of living to achieve a self-sustainable insertion in the market and not just a simple relief. During the year 2001 the PSA distributed $917,927 in direct financial assistance (loan or subsidy), the PROINDER $2,823,273, and the PRODERNEA $807,937.9

6. They reach a limited number of beneficiaries. The available data regarding the number of beneficiaries of the running programs is imprecise and overstated: between 1991 and 1997 the beneficiaries from the PNEA were 8,000 and those from the PSA were 39,000 families between 1993 and the end of 1998. However, we cannot assure that this information is accurate or free from overlaps because beneficiaries are not identified year by year. They usually sum up the beneficiaries of the whole period under analysis, or all the “operations” (loans, technical assistance, and training) and consider this as the “total amount of assisted families”. This procedure gives as a result a total amount quite higher than that resulting from individual follow-up, name by name, independently from the benefits each person/family has received. According to data from the year 2001, there were 11,046 beneficiaries in the PSA, 11,721 in the PROINDER and 1,447 in the PRODERNEA (figures with similar problems, including loans, technical assistance, training, adaptive experimentation)10.

7. There is an overlapping and multiplication of actions that do not compose a consistent policy. As we have already mentioned, there is a sum of different programs which only in particular cases reach some coordination. As a consequence, the beneficiaries find it difficult to understand the different operating modes of each program.

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8 These figures were equivalent to US dollars until the devaluation of January 2002.
9 Source: PROINDER, SAGPyA Institutional Strengthening Area, data base. It should be taken into account that during 2001 the budget for all programs was low due in part to the restrictions in the availability of resources imposed by the national government.
10 Source: PROINDER, Fortalecimiento Institucional, SAGPyA, Base de datos.
8. Most programs are funded through an increase in the external debt. The social and economic consequences implied by this fact demand that these programs be directed to a real productive transformation of the poor small producer sector. That is to say, debt would only be acceptable when changed for growth and a better participation of the small producers in the gross national product; because debt means an economic embargo on the development of the country and endangers the potential of future generations. This is not to question the generation of the debt itself. On the contrary, we accept it replaces the lack of resources in the national budget for social policies. Additionally, the responsibility of these programs in the debt increase is actually lower due to their tiny amounts. It is clear that the groups of higher economic power are the true beneficiaries from the increase in the external debt.

9. If rural projects do not lead to structural transformations and remain as relief programs, they can turn into facilitators of political patronage. The “relief” to extreme poverty situations favors the discretionary acting of local administrations. The patronage spoils the projects really intended for reinforcing values and labor culture in the country. One example is what is going on in some areas with the “Work Program” of the National Ministry of Labor which gives transitory subsidies to the unemployed. It is common that poor agricultural producers participate in these programs given that, due to the seasonal characteristic of their jobs they appear as “unemployed” in different moments of the year (although, in fact, they are not unemployed). When these producers get used to obtaining a fixed monthly subsidy, they refuse to do their normal activities because of the effort and uncertainty they represent. This situation is very common in provinces with a high component of public jobs. We have seen this in La Rioja, Catamarca and Formosa, where the rural population that used to work in the country and now receives a public salary or an unemployment subsidy, is moving away from the possibility of re-inserting themselves as producers because they are getting accustomed to another kind of life and job dynamics having the security of getting a salary every month without the sacrifice and uncertainty associated with agricultural work.

Most of the restrictions mentioned above are the result of and can be explained within the framework of the present neoliberal policy. Thus, dividing little money among many people and reaching more beneficiaries has to do with the political interests of
governments, their lack of resources due to the adjustment and their lack of interest in the problem of poverty. For governments, reaching more people is a goal that favors political consensus. Additionally, the increase in the number of beneficiaries could also benefit the officials from international funding agencies as an indicator of their efficiency and professional productivity.

Furthermore, the rural development programs are not the only ones that reach the beneficiary population, because it is trapped in a productive and economic framework where most impacts are negative and come from the macroeconomic adjustment. Frequently, the beneficiary population feels that the adjustment-associated loss in acquired and universal rights (in subsidies to their products, in health care, in education services and welfare system) surpasses the benefits they receive through focused social programs. This situation worsens when the benefits only apply to some sectors, to those that fit with the “eligibility criteria” for being the poorest.

The adjustment and the de-regulation had other consequences for small producers: many of the social benefits they received for free during the Welfare State, have at present to be bought from the private sector. That is why families claim for the lost social benefits, such as the social security that cotton, tobacco and yerba producers obtained from their regulating institutions. They also feel unsafe and chased by the State because they are neither registered under any Welfare System nor pay taxes, when, in fact their condition of economic marginality means they do not have the capability to make regular monthly payments because their income is seasonal and rarely higher than $ 6.000 or $ 7.000 per year\textsuperscript{11}. We knew that the General Tax Office has pressed the producers with rural inspections when they deliver their products to the stockpilers.

**Final remarks: the possible direction of future actions**

The characterization made above suggests that it is not very probable that the mentioned rural development actions turn into self-sustainable benefits for the poor.

\textsuperscript{11} Amounts equivalent to US dollars until January 2002. From then on, incomes kept their values in pesos but remained highly devaluated compared to the dollar (to July 2002 the relation peso-dollar was $3.6/ dollar)
agricultural sector. As they are designed so far, it is not very likely that these actions enable poor families to:

a) Improve their income in the mid-term in a self-sustainable way.

b) Achieve their “actual” productive integration.

c) Overcome their historical instability, precariousness and flexibility as regards labor.

d) Have their social security guaranteed.

The rural development strategy described in this paper is not designed to be imposed on or overcome the obstacles and conditions of the macroeconomic context, which systematically tend to the exclusion, marginality and invalidation of the agricultural small producer sector.

Of course, there are mechanisms to face these processes: institutions, groups and NGOs that are trying to do it, but in order to succeed they have to fight an “unfair battle” with sectors of higher economic and political power with other objectives.

It is also true that the beneficiaries themselves, through their stronger participation in the decision in different programs, are a very important factor in order to achieve these transformations. Furthermore, if we consider that most programs have components to promote the organization, training and participation of beneficiaries with the aim of de-structuring the historic limitations they have been facing. The way to achieve this goal is by giving them skills, power and knowledge so that they can assume responsibilities, make decisions, have authority and, in the long run, build processes of change.

All this is feasible only if beneficiaries can organize themselves and make demands free from the assistance of their respective programs. This entails a participative capability totally different from the one they presently have. They have to overcome many restrictions (economic, social, political, ideological, educative and participative) imposed by the current economic development model, which is exactly the opposite of the empowerment and consolidation of the small producer sectors.

In other words, it seems that the rural development strategy and the economic policy are contradictory and they do not go after complementary objectives. Therefore, the explicit objectives of the rural development strategy are only apparent or their actual aim is to complement the adjustment with “relief”.

This contradiction is more evident if we take into account that the present context is characterized by a weakening of social popular movements, a new organization or "social stabilization" where the "social change" issue is not relevant.

Then, the viability of a change in favor of the excluded -or precariously included,- majorities is higher if it emerges from the political action of these majorities rather than from their economic action. That is why their organizational empowerment against the negative consequences of the model (such as reduction in income, unemployment, insecurity, the deterioration of education, health and environment) is so important. In order to re-insert the groups “invalidated” by the present situation in the social game (Pfr.Castel; 1997: 23), they also have to play a relevant role through their opposition to the model that excludes them and stops them from being part of society as a whole. It is only through this action that the State will be able to play a suitable role.

Consequently, we should ask ourselves if there is another way of action in the present restriction context. We think there is.

First, if we consider that the production is really important for the training and labor re-insertion of these families but resources are scarce: Why not focus only on projects which actually promote integral cooperative or group work in the use of land, raw materials, and labor, in the agroindustrial transformation and in marketing? That is to say, carry out an exhaustive survey of the projects to be approved in order to choose the best.

This might imply accepting a lower number of beneficiaries and focusing only on those with potential to generate a real socio-productive transformation, knowing they can turn into a multiplying model for future projects and beneficiaries; exactly the opposite of the disappointment resulting from a succession of unfulfilled goals. Precisely, in a previous paper (Manzanal; 1998:73) we concluded regarding a frustrated experience of joint marketing of vegetables among peasants from Cachi, Salta: “The frustrated experiences add restrictions to the already existing ones.”

Furthermore, the opposition between universal and focused policies has no support. On the contrary, they could complement each other, as Rubén de Dios (1998:130) affirms. Focusing should mean solutions, actual transformations, if not; the focused programs act as a double exclusion instrument. On the one hand, because of the magnitude of the potential beneficiaries they leave out, as this author says. On the other hand, because they do not
provide any solution for the target population, producing a drawback in trust, in organizations, and in the will of participation.

Within the same line of action, programs should promote participation and commitment from the beneficiaries. This can only be achieved by applying “transparent” methods in all decisions and actions. For example, the generation of debt associated with programs and projects -which although minor is not innocuous- should be known about by the beneficiary population. Precisely, because these programs foster their participation and they should participate with full knowledge of the present and future possibilities and limitations. From our contacts with producer families we found out that most of them had no idea of the origin of the funds they were receiving. We think that if they learnt about it, their attitudes and demands regarding objectives and results would surely change and, probably, the need to promote actions tending to modify their marginal, socioeconomic and productive insertion would be more relevant.

The suggested way of acting requires a social agreement that guarantees a high degree of consensus, awareness and commitment from the involved population about the priorities and distribution of resources for social purposes. This leads, again, to the need of coordination and complementation among State programs. It is a priority that should not be ignored in order to favor short-term group and personal interests or in order to show differential results by government areas. Even when there have been many compilations about programs with external funding depending on different State Secretaries, there have been no results regarding complementation and coordination among them. We believe this is so because high governmental areas put specific and personal interests before the interests of society as a whole.

Therefore, it is urgent to train and inform about issues such as types and origin of funding, type of fostered activities and coordination and complementation among programs. In short, make the beneficiary population participate through ways of democratic representation.

It is from this knowledge that the beneficiaries can participate in the decision-making, which leads to transparent procedures and the decline of patronage and of individual or corporative advantages. In addition, the awareness of the beneficiaries about the processes they are involved in, is the first step in the understanding of their
socioeconomic framework and, therefore, in the search for alternatives and solutions to their own problems.

Obviously, the feasibility of these training processes requires a long maturing time, which we think should be measured in decades rather than in five-year-periods, as it is the case with the programs analyzed in this paper (generally 4 to 5 years terms).

Besides, these programs work under strict schedules that are compatible neither with participation and training processes nor with the intrinsic characteristics of the target population. In particular, in Manzanal (ibid: 74) we affirmed that these families need a continued assistance instead of training from teams that may change or disappear within a short term: “The processes aimed at training, awareness, participation and organization of the sectors require time; a slow, consistent, sustained and long practice... a decade in the history of marginality suffered by these families and in their family life cycle is a very short time. However, it is too long in terms of the actual projects currently being performed”.

So that rural development actions may build effective and sustainable improvements in the standard of living of the rural poor, it is necessary for these actions to have connection and coordination with one another.

This means that we need a rural development “policy” that is part of a local and regional development strategy and fosters the commitment and the effective participation of beneficiaries in its different stages.

Organizing and implementing several public programs from a central strategy would avoid many problems related to the scarcity of funds and, basically, it would reach beneficiaries with proposals according to their capacity to assimilate different projects; integral, due to the coordination among different areas; sustainable in the long term because of the addition of resources; and decisive in order to achieve the initial objectives. This would also avoid the excess of bureaucracy.

No doubt this is a difficult task because it implies an effort at organizing technical and human resources available individually and unequally in each State area and/or in each program.

However, the most important fact is that we need will and decision from high political levels. This implies not only the intention of “coordination”, but, basically,
determination to face the socioeconomic transformation of the rural poor as one of the priorities in the State policy.

The advance towards the opposite interests, typical of every process of change, demands: (i) a deep knowledge about the specific problem, (ii) to allow the participation of the different involved sectors (producers, officials, technicians), (iii) to have the capability to manage conflicts of interests, and (iv) to show determination and strength to initiate a real transformation to improve the previous situation.

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