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*Models of Rural Governance - Comparative Review*

**THE CHANGING PARADIGM OF RURAL GOVERNANCE**

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# THE CHANGING PARADIGM OF RURAL GOVERNANCE

## Abstract

The following document will approach the analysis of the Provincial Agricultural Services Program, PROSAP, as a tool to promote the sustainable development of agriculture, taking into consideration the economic and social needs, with a strong regional and territorial insertion. The purpose is to go beyond the prospects of the sector, identifying the changes in the management of public policies for the agricultural area through the PROSAP.

Although a new governance paradigm with larger consensus and more coordination is foreseen, its institutionalization will face frictions, difficulties and challenges.

## Keywords

Agricultural Policy - Structure, Scope, and Performance of Government

JEL classification: Q18, H11

## Introduction

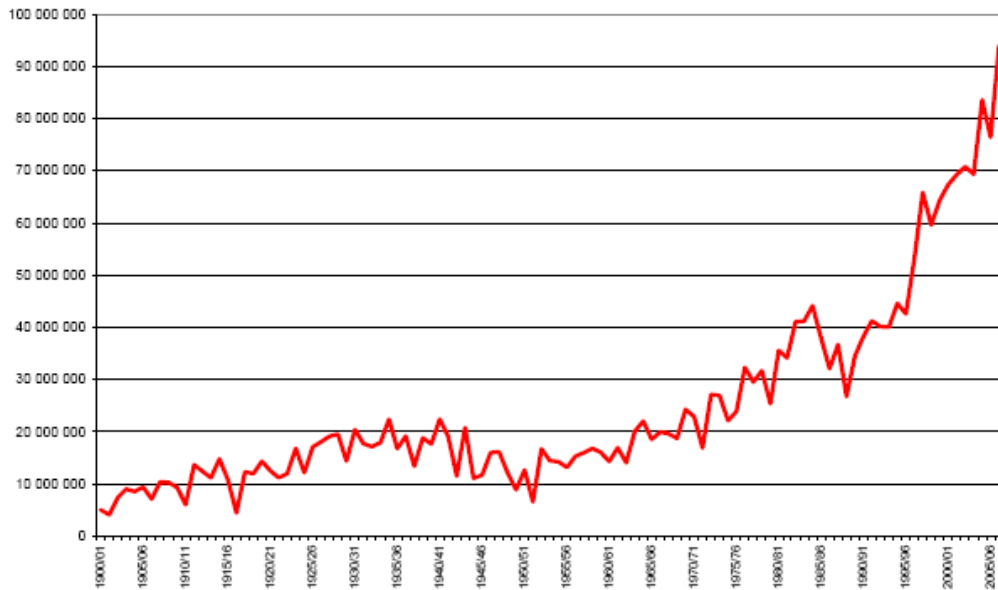
The present work will approach the changes in the management of public policies for the agricultural area through the Provincial Agricultural Services Program (in Spanish PROSAP) of the Argentine Republic, and the challenges that the current features of the agricultural sector pose for rural governance. Are we facing a new paradigm of rural governance?

Argentina is a federal, representative republic, located at the southern tip of South America. It borders on the north with Bolivia and Paraguay; on the northeast with Brazil; with Chile on the west and with Uruguay and the Atlantic Ocean on the east. Its continental surface reaches 2.780.400 square kilometers, which are divided into 23 provinces and the autonomous city of Buenos Aires, national capital and seat of the federal government. Since the early 90's, the country has been part of MERCOSUR as full member, along with Brazil, Paraguay and Uruguay, and with Chile and Bolivia as associate members.

The provinces are autonomous and retain all powers non-explicitly delegated to the federal government, and are ruled by republican, representative constitutions which organize their own executive, legislative and judicial powers. They control the municipal autonomy. They are empowered to enact laws on non federal issues, but the main common law (civil, commercial, criminal, labor, social security and mining) are reserved to the National Congress (National Constitution, Article 75, Section 12).

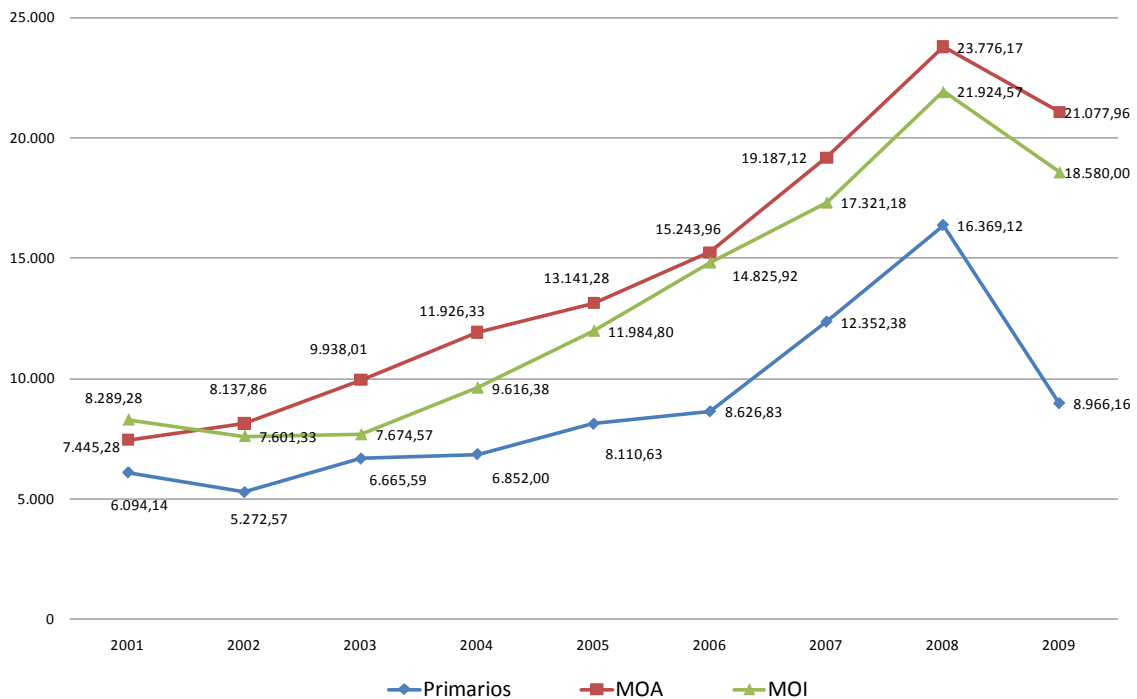
The population is estimated at 40.3 million inhabitants, about 91% of which live in urban areas, one of the highest rates in South America. Life expectancy at birth is 75 years and, according to UN 2009 Report on Human Development Index, Argentina is ranked 49. Gross national product per capita for 2008 was estimated at US\$ PPA 14.020.

Since the mid-nineteenth century, prosperity in agricultural exploitation has been the base and has sustained an economic and productive model propelled by the external market, giving origin to the image of Argentina as the "breadbasket of the world". The production of grains and oilseeds has doubled in the last 15 years, demonstrating the validity of this structure and its remarkable capacity for growth. Among the causes for this "take off", are the increased size of the production units, the concentration on primary activity and increased productivity, thanks to the massive introduction of new processes, genetics and organizational technology (Bisang, 2008).



Graph 1. Argentina production of crops and oilseed Evolution. 1900-2007 (in tons. and millions of Dollars) Source: Bisang (2007)

In 2008, Argentine exports of primary products reached US\$16.000 millions FOB, while the agricultural manufactures were about FOB US\$24.000 millions, both groups representing the 57% of total country exports for that year. The following chart shows the evolution of exports since 2001. A sharp drop can be noted for 2009, as a result of the international crisis, as well as a severe drought that affected the whole agricultural production.



Graph 2. Argentina FOB exports as per great groups. 2001-2009 (in million Dollars) Source: Ministry of Economy and Public Finance of Argentine Republic.

The agricultural area is estimated to exceed 180 millions square hectares (according to provisional

data National Agricultural Census 2008), whereas agricultural exports are around 273.000, an amount clearly inferior to the recorded 421.000, according to the 1988 census, which shows a trend towards the reduction in the number of exploitations and a concentration process in land tenure.

International demand for agricultural products has become very dynamic and it tends to concentrate on three main axes: food, energy production from vegetable sources and development of plants and animals as bioreactors or biofactories, linked to the production of industrial inputs. The way production is organized has transformed itself in an effort to adapt to an increasingly complex international market, and there are two main identifiable mechanisms used in order to achieve this.

On the one hand, we find the primary production model vertically integrated, which is based on land ownership and direct exploitation through the integration of as many processes as possible with proprietary equipment, assuming the risks inherent to production. This aims to standardize processes and products as well as to increase the quantity produced (Bisang, 2008).

On the other hand, it is noticeable the expansion of a production plan based on technological innovations, knowledge and contractual relations. It differs from the traditional model because it configures production as a network, and land ownership does not determine who develops the activities. New players join the organization of production, with new functions which give a different dynamics from the model vertically integrated that was used in the past. The links among economically productive agents are established through contracts which aim to reduce risks by providing more flexibility to the scheme.

Outside the agro-livestock economy of the Pampas region, traditionally one of the pillars of the national economy, are the so-called regional economies, which are local productive systems, usually supported by specialized production of a diversified group of crops. These include the Cuyo economy, based on the vine and the derived wine industry; the High Valley of Río Negro, in the Patagonia region, where apples and pears are produced; the Northwest region, dedicated to sugar, citrus and tobacco; the Province of Misiones and northeast of Corrientes, focused on yerba mate, tea and wood; cotton in the Chaco region, rice, mainly in Corrientes and Entre Ríos; olives in the arid mountains; and sheep in Patagonia.

In the last few years, part of these regional economies have suffered an expansion process in the agricultural frontier, due partly to the expansion of soybean farming to provinces of the northeast and northwest (apart from the Pampa region), and, in the last season, it reached about 19 millions hectares (an area bigger than the total surface of Uruguay, which is 180.000 square kilometers); and on the other hand, to a shift from Pampa's livestock to the crop of oilseeds and crops in its land.

This is the context when PROSAP started in 1996. Its main goal was to finance public investments, mainly at provincial level, in infrastructure and improvement of production services, in order to promote greater efficiency, integration and value addition processes and therefore enhance competitiveness of export oriented agricultural products.

Initially, the mechanism established operated as from the introduction of public investment initiatives by provincial governments and national agencies with competence in the sector, to finance its implementation. New actors and ways to organize food production, as well as the international trade dynamism observed in the growth and diversification of demand among many other aspects, are two of the main signs that describe the increasingly complexity of the rural productive world. These new challenges, especially related to the improving the sector's competitiveness and the various economic agents involved, were translated along the 15 years of the Program existence in changes in the forms of intervention and in the design of new public and political tools, in pursuit of building a device more suitable to the transformations that have been taking place in the sector.

## **Introduction and Description of the program**

In 1992, officials from the Secretary of Agriculture, Livestock and Fisheries (in Spanish SAGyP,) which at that time depended on the Ministry of Economy and Public Works, prepared a portfolio of projects together with consultants from the Inter-American Development Bank (IADB) and the International Bank of Reconstruction and Development (IBRD), with the aim of modernizing the provinces agricultural services, strengthen SAGyP participation in the fight against rural poverty and lay the foundations for forestry development. Professionals from many international agencies, such as FAO, IADB, IBRD, as well as public officials who decided to become part of a single program under

the responsibility of the agricultural area in the same ministry took part in the development of the document. This was PROSAP's starting point, under conditions approved by the financing banks, which established clearly distinct operative developments of such initiatives: on the one hand, investment in infrastructure and on the other, the fight against rural poverty.

The implementation began in 1996 with joint funding from the IADB and later the IBRD (Loan Agreement 899/OC-AR 3 signed in 1997, for U\$S 125 millions), (Loan Agreement 4150 AR signed in 1998, for U\$S 125 millions) respectively, as well as local counterparts from the national and provincial budgets<sup>1</sup>.

Its main objective was to help provinces and national organisms to find operational and financial mechanisms to strengthen and improve services provided in their respective jurisdictions. The fostering of concrete investments, as well as the strengthening and modernization of public services oriented to agricultural producers outlined the lines of action used in order to contribute to the improvement of export competitiveness and diversification of the productive sector.

Since its inception, the program served as the articulator of policies, procedures and availabilities among different agencies and institutions: Multilateral lending agencies, government entities and decentralized agencies, provincial governments and its executive and linking units, technical cooperation agencies (American Institute of Agricultural Cooperation- Iberoamerican States Organization), national universities and academic institutions, among others.

The national context in which this process began was the State reform process that took place during the 90's, the end of a tendency of structural changes initiated in the 70's. Under the slogan of institutional modernization, the State was downsized by drastically contracting public expending and structural adjustment. This process can be divided into two stages. The first stage took place during the 1991-1996 period. It focused on fiscal adjustment, and its main tools were unregulated privatization of public services companies, trade liberalization, decentralization and reduction of the state apparatus, the targeting of public policies, labor flexibility within an anti-inflationary stabilization scheme (The Convertibility Plan), which established parity between the peso and the dollar. Exclusion, social polarization, and public disinvestment were two of the serious consequences of this "reform".

In the early 90's, Agua y Energía (Water and Energy) a public Argentine company involved in the production, distribution and marketing of electric power, as well as the evaluation and construction of hydraulic engineering works was dissolved. This implied the decentralization of functions related to water resources to provinces with uneven managerial skills in these fields, which would be taken into account by PROSAP at its design.

The second stage took place in 1996, amid the effects of the 1995 Mexican crisis ("The tequila effect"), and the exhaustion of the economic growth experienced in the first part of the decade. Innovation and strengthening of public governance for the effective organizational modernization was the announcement of a new structural adjustment which sought to clean up public accounts. The economic model started evidencing clear signs of exhaustion. The Russian default, the devaluation of the Brazilian currency and the fall of international prices of export products caused a capital flight that weakened even more the ailing, heavily in debt Argentine economy, with an almost inexistent state apparatus.

PROSAP was designed within this framework as a tool that would facilitate access to public investment through a Central Executing Unit (in Spanish UEC), in charge of easing the mechanisms that would make the resources effective for the introduced initiatives.

This is an example of "rationality" in public actions through the focalization in investment programs and in policies that serve as framework for the development of private capacities and public actions. Joint financing required the approval of the program institutional documents as well as the organization and procedures Handbook, by both financing banks. IBRD's delay to review and approve the funding, together with the effectiveness cross-clauses of the IADB loan agreement, meant that

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<sup>1</sup> The immediate antecedent is PROMSA (Modernization Program of Agricultural Services) which allowed for the starting of various state reform projects to strengthen functions in the service supply to producers. This program allowed for the technological modernization of entities such as National Institute of Agricultural Technology (INTA) and Sanitary and quality agrofood national service (SENASA), and fosters the National Seeds Institute (INASE).

funds did not become available until 1998<sup>2</sup>.

The financing channeling was done in the following ways: investment and implementation projects, submitted by provincial governments, other national projects and implementation through national agencies. The intervention areas identified to channel resources were: basic infrastructure, generation and transference of technology, business development, institutional strengthening, animal health, plant health, and agricultural information systems. Within this framework, the management of water resources, closely related to the rehabilitation of irrigation canals must not be considered another intervention area, but an attempt to integrate it to the agricultural portfolio, given the strong impact of irrigation in the sector's production. It is worth mentioning that the Sub Secretary of Water Resources, which depends on the National Ministry of Planning of Public Works and Services, does have competence in this issue but in relation to energy rather than irrigation.

The semi open nature of the program is based on the possibility of adding new areas of intervention in case they become "vital for agricultural growth", as well as define new operational schemes according to each project in particular. Although from different perspectives, the creation of this kind of structures of public management, grant higher flexibility for interventions in areas considered politically strategic, it helps prevent stiffness and typical inertias of state bureaucracy.

The organization for the implementation involved various institutional environments with different degrees of participation and consultation and with an important institutional and functional differentiation:

- UEC: responsible for the Program's implementation, supervision and assessment at national level, under the direct supervision of the Ministry of Agriculture, Livestock and Fisheries – MAGyP- (it was created in 2009).
- Agricultural development programming entity (in spanish EPDA): These are entities created by provincial governments, to be responsible for the contacting, and coordinating project's monitoring and assessment, and enabled to program and formulate projects requested by the province (Later, the Link Entities, EE will be built as from the designation of existing provincial agencies, to replace the EPDA's, as structures devoted to PROSAP's implementation).
- Provincial financial management entity (in spanish EPAF): Responsible for the project's financial management.
- Project Implementation Unit (in spanish UEP): responsible for the implementation and follow up of each project.

The different areas and levels of the Program's implementation (public, national, regional, provincial) implied considerable challenges, due to the different management skills and the resources available. Moreover, there are notorious differences in the institutional, productive and organization issues related to production organization in the different jurisdictions, particularly in the national and provincial institutions involved (Martínez Nogueira, 2004). This asymmetry led to the creation of the EPDA's as new provincial agencies entitled to manage for results, speeding up implementation and avoiding delays on the many instances of the administrative circuits.

The changes in the sector's top authorities and in investment priorities, whom EPDA's depended on, as well as the conflicts among different provincial portfolios, which disputed responsibilities over the implementation of a Project (and the public and political recognition for the undergoing works) for which shared that responsibility, influences the foreseen implementation of the projects, particularly in crisis contexts. Likewise, changes in the executive coordination of the Program and some of its professionals and technicians, affected the management style and the operational available capabilities, with consequences in learning accumulation, the building of an institutional memory, the creation of shared criteria and the consolidation of working teams.

Provincial eligibility conditions to obtain financing fell within the guidelines of the time: fiscal policy. Therefore, surplus in the province current account was required before projects' were approved, and the total liability of the province debt servicing had to be inferior to 15% of total current revenues, in order to avoid insolvency at the time of payment. The condition of the context depicted above the number of projects submitted during the first years, which resulted to be much lower than

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<sup>2</sup> This joint funding agreement included the assignment of the different provinces for each bank. By the end of this stage only seven provinces had joined formally the Program, by enacting their debt was and having enacted the framework agreements of subsidized loans.

expected.

Another required condition was the development of a tool that would help plan these projects in every jurisdiction: a document with the sector's policy guidelines for the mid and short term, called Provincial Agricultural Development Programs.

### **Stagnation, crisis and redirection (1999-2006)**

The institutional and economic crisis in late 2001, impacted significantly in the Program's management. Argentina dropped convertibility, the currency was devalued, debts were pesified, and the state retained people's saving in banks and provincial governments issued bonds, equivalent to the peso, which circulated as currency. The social crisis was manifested through a maximum poverty rate of 50% in 2002 and high levels of open unemployment.

State under funding affected the incorporation of new provinces to PROSAP due to the fall in their borrowing capacity. Works in progress were suspended and price determination processes were carried out once more, resulting to be higher than the ones initially set. The continuity of accumulated skills and staff was severely affected.

The *pari passu* between provincial debt and financing through the program had been previously set at 50% for each of the parties involved, whereas future beneficiaries had to deal with the maintenance of the works, as well as pay back part of the borrowed funds, further increasing the difficulties to make implementation viable.

The critical social situation led to the redirection of funds of IBRD origin to social programs for a total of US\$ 20 millions.

Since the mid-90's the IADB showed great flexibility to address emergency situations, which allowed for the use of US\$ 50 millions to assist farmers who suffered heavy flooding in 1998 in seven northeast provinces, through the Program for Recovery of Productive Capacity of Small Farmers (in spanish PROEMER), which helped farmers affected in Argentina's northeast and it carried out vaccination campaigns due to an FMD outbreak in 2001.

These actions kept the program performance in terms of disbursements, giving it high marks for progress in the negotiation of new funds for the submission of a portfolio of projects to be implemented immediately, and resume the process of public investment face to the dynamism shown by the agricultural sector after devaluation and debt pesification. During 2002, the IADB accepted the government's proposed redirection of resources of other loans to PROSAP for a total of US\$ 200 millions (Loan 899/OC-AR 1 y 2). The time spent in negotiations and delays did not make the loan effective until 2005.

The redirection of funds meant a new stage that transformed the intervention device. General objectives were modified, giving birth to the design of efficient public intervention tools that were drawn from lessons learnt from implementation experience. However, those objectives were also expanded to meet the complex challenges the rural world presented, especially considering the heterogeneity of contexts, capacities and actions of different institutions and provincial governments.

This was reflected in the new operating regulations developed and agreed with IADB, as shown below (PROSAP, 2005):

“2.1 The aim of PROSAP is to increase the value of agricultural exports by improving quality, increasing production volume of these products and to enhance articulation of agribusiness chains. PROSAP funds projects to improve poor public services which restrict agricultural development in the provinces. In its new stage, the Program should help to Argentina's economic recovery in the short term, by increasing the value of exports and employment. Both objectives will be achieved through improved quality and increased volume of agricultural and agribusiness production.

2.2 The program provides operational and financial mechanisms to provinces and national and regional agencies to strengthen and improve services provided to the agricultural sector in its corresponding jurisdictions, and encourages physical investment. It will also foster the development of integration strategies for agro-industrial chains. In order to do so, the Program:

a. It strengthens and modernizes public services provided to agricultural producers in order to improve productivity, increase competitiveness, support productive diversification and improve control and monitoring mechanisms to ensure the continuity of achievements.

b. It promotes physical investment for production with problems caused by the deterioration, age or

inefficiency of existing infrastructure: recovery of areas of irrigation, drainage and water management, renovation of rural road networks, strengthening initiatives aimed to change some sectors' productive structure and improving management of systems to be reinstated.

c. It fosters innovative initiatives in agro-industrial chain articulation.

d. It contributes to avoid the deterioration of natural resources, fostering recovery and improvement of productive environments and promoting the production of alternative foods free of contaminants.

e. It boosts better management of relations among institutions.”

There are two evident differences in comparison to the Program's previous stages shown in the *pari passus* that fixed a 25% provincial investment (the remaining 75% corresponds to external financing), and future beneficiaries were only required to address the maintenance and operation of works. These changes contribute significantly to the submission of initiatives by the provinces, in a context of strong impediments to foreign debt.

The official call was incorporated to the submission of Project ideas (profiles) open to all jurisdictions, since a Project Assessment Committee integrated by senior officials of the, at the time, National Secretary of Agriculture, Livestock, Fisheries and Foods (now a ministry, MAGyP), would select initiatives that would pass from the formulation to the level of feasibility stage.

Furthermore, it incorporated as “pilot experience” the ANR component aimed for groups of producers to encourage intraland investment (so far not covered by the external funding), participation of private initiative in productive chains and improvement of business competitiveness.

There were added two new areas of intervention to be financed with IADB resources: land titling and regularization and rural connectivity.

The unification of procedures initially set up as part of the structuring and organization of the program was flexibilized to go hand in hand with implementation of entities and provincial governments with asymmetric planning and management capabilities. The incorporation of Linking Entities, as provincial institutional link with PROSAP is an example of it. The EPDA, previously created as *ad hoc* public management structures, failed to become relevant actors in policy debates, whereas their technical contributions were marginal or just acted as facilitators in the decision making process, even though in some cases, it sped up the processes and became promoters of a better use of opportunities enabled by financing (Martínez Nogueira, 2004).

Although in these entities, the relation between politics and management is complex, sustainability and efficient implementation depends, ultimately, on the acquisition of a sense of “appropriation” on the part of the significant social actors, strongly linked to the initiative and active and continuous participation of provincial authorities and national officials, in identifying the need and preparation of the project. The operation of these entities is strongly conditioned by the political commitment of government officials, the priority the implementing agency and its member units give to the Project and the quality and persistence of inter institutional agreements related to its implementation.

At this stage there was a tremendous change in the domestic and foreign economic context and conditions were given for significant growth, an important improvement in the national and provincial fiscal positions and strong investment incentives in the agricultural sector of regional economies.

### **Recovery and Growth (2006-2009)**

Provincial political guidelines expressed in numerous and new investment demands for the improvement of agricultural services, together with the projects funded with the first loans, exceeded by far the available funds. This made it necessary to start negotiations to seek new funds to open the menu of the Program's intervention further. This, in turn, expressed the remarkable growth of management capacity, mainly for the UEC (visible in its plants development), but also of provincial entities that accompanied the process, thus considering the joining of new provinces to PROSAP.

In this third stage, the IADB granted a loan of conditional line of credit for investment projects (CCLIP) for US\$ 600 millions, with a ten year execution period. The 1956 OC/AR loan for a total of US\$ 200 millions, corresponded to the first period of three, and became effective in 2008. A specific investment loan totaling US\$ 300 millions to be executed in six years was also agreed with IBRD (Loan 7597 AR), and it became effective in 2009.

As it can be seen, the periods between loans were progressively smaller, the resources allocated were greater and there were a larger number of jurisdictions and national agencies, willing to



strengthen the productive network with growing dynamism and through an institutional and productive network, whose one of its main constituents is PROSAP. The great jump in quantitative terms is evident if we consider the US removal of US\$ 20 millions in 2002 (of the initially US\$ 250 millions agreed), and four years later, it started to negotiate with strong government support, successive loans with both banks for a total of US\$ 900 millions.

Currently there are 90 ongoing projects: 58 are being implemented, 32 have already been executed and 43 projects are in advanced stage of preparation.

767 million dollars have been allocated for them, 420 of which have already been paid out.

Up to date, 22 provinces are taking part in the Program: 19 with under execution projects or under banks assessment, and three with technical assistance (Formosa, Santa Cruz y Tierra del Fuego).

In the first stage (1997-2001) four provinces became members, La Rioja, Mendoza, Neuquén y Santa Fe, as from 2002 Buenos Aires, Catamarca, Chaco, Chubut, Córdoba, Corrientes, Entre Ríos, Jujuy, La Pampa, Misiones, Rio Negro, Salta, San Juan, Santiago del Estero, Tucumán also became part of the Program, totaling 19 provinces. Considering those provinces which are currently receiving technical assistance, there are 22 provinces which are part of PROSAP.

Table 1. External funding resources as per bank, loan, amount, and year

Stage	Loan	Millions of US\$	Year
PROSAP I 467 millions	IBRD 4150 – AR*	125/105	1997-98
	IADB 899/0C-AR 3	125	
	IADB 899/0C- AR 1y2	200	2005
	IBRD 7425 - AR	37	2007
PROSAP II 900 millions	CCLIP – IADB	600 / 200	2008
	IADB 1956/0C-AR (first stage)		
	IBRD 7597	300	2009

Source: Author’s design base don PROSAP oficial data

\*From this loan, US\$ 20 millions were reassigned to programs of social assistance.

The new stage aims to promote the increment in the producers’ productivity and profitability, in order to increase agricultural and employment competitiveness. Regional economies are explicitly defined as the main target of technical and financial assistance. The target population consists of small and medium size producers who were left behind the sector growth in recent years, and have major difficulties to enter the value markets, due to their weak access to financial, sanitary, technological and business services.

Although what had been implemented up to 2007 revealed that most disbursements, as well as the profiles submitted by the provinces, continued to prioritize investment in certain areas of early intervention (irrigation, roads, rural electrification), the proposal sought to provide tools which would enhance the joint work. Negotiations between agencies insisted on funding those areas where PROSAP had gained solid experience, and the national government, which wanted to add new initiatives aimed to the private sector to this core, reached an agreement that would allocate about 80% of the funds to the Program’s “classical” proposal and the remaining 20% for new initiatives.

It was promoted the elaboration of Provincial Strategies for the Agricultural Sector (in spanish EPSA), in which each provincial government defined the political guidelines for the sector for the next ten years. EPSA became an eligibility requirement, however, it was not only a call for profiles, but it is intended as a tool for sectorial planning, by going beyond the provincial management period (four years) and prioritizing production chains, main target of public interventions. Lessons learned from previous PDAP, which became a document to meet requirements, led to require institutional support of the sector’s top authority or the provincial governor, and this document validation by the actors involved through workshops, meetings etc..

The ANR pilot experience for production chains started in 2005 was incorporated into the structure of the IADB-funded program. The assessment of this activity showed that it allows for time saving in the required investments, but it also improves the investment quality. It was also noted that it is a highly attractive tool for small and medium size primary producers (more than 75% of all first calls),

that most projects aimed to improve their business productivity through the addition of equipment and productive infrastructure, and that calls promoted the participation of development and technology transference institutions (INTA, ARGENTINA, UIA, cooperatives, universities, regional development agencies, etc.), which involved directly in the technical assistance and supported associative groups. Meanwhile, the IBRD decided to fund ANR as a complement to provincial public projects, given the difficulty detected in beneficiary groups to access investment and completed works.

Other sources of energy were added as an intervention area and land titling became more specific. As a pilot experience, it was fostered the innovation participatory networks (clusters), the integration of value chains within the framework of territorial approach (micro regions), and initiatives in innovation transference. The clusters development initiatives promote coordinated actions and efforts processes, supporting clusters in the definition of a Competitiveness Improvement Plan (in Spanish PMC) and in the implementation of actions to be carried out.

Technological linkage with different research and technical agencies of the region, regional development initiatives, as well as the development of clusters, defined the strategy of intervention, the promotion of coordinated actions and efforts. These incorporations seek to address the complexity of what “rural” is: new social and productive actors, related under different productive and organizational schemes, which give new dynamics to association forms, exchange, marketing, production and, as a consequence, new needs arise. The range of proposals for agricultural service improvement is gradually enhanced with initiatives that cover the investment deficits of previous years, but also contributes to the stimulus and development of new competitive strategies from a more comprehensive and participatory approach. The public and private sectors have new instances for dialogue and joint work.

Again, funding conditions focus on strategies for institutional strengthening of provincial skills, as a means to achieve organizational innovations. However, it can be seen that contributions to building and consolidation of institutional skills were not the result of what was explicitly called “institutional strengthening” (generally consisting of the provision of additional inputs – equipment, facilities, studies, training resources, consultants). Problems confrontation, finding solutions for them, the mobilization of social actors and a better understanding of the complexities of the developing projects, focus the attention on the managerial and technical capacity, but also the commitment of the members of the PROSAP “network”.

It can be said that the evolution and complexity of the Program are an example of a new management and organizational model, as pointed out by Martínez Nogueira:

- It provides systematic and “disciplined approach to analyze and manage a group of investment activities;
- Its purpose is to address highly specific issues with increasing territorial perspective;
- It has clearly defined objectives and activities that respond to relatively detailed programming and allocated resources for periods of several years;
- For its execution, it requires the progressive and greater coordination among different social actors and the participation of different government levels.

The magnitude of the challenges faced by the program since 1996 must be considered in terms of the characteristic of each project management, especially as regards its integration in the public state administrative structure, and the relationships that it keeps with it. Performance management can be defined as a model proposed by the administration of public resources, focused on the implementation of strategic actions defined in an action plan in a specified time. It has a double objective: the efficient achievement of Project objectives, and the production of long-lasting impacts (that go beyond its implementation), being designed to establish new behavior patterns through innovations in rules and management styles.

In this respect, it should be noted that the preference of funding agencies of strongly focusing on ensuring predictable execution with regular payments, it often is in tension with the construction and transference of skills, affecting the possibilities of an adequate institutionalization of Project management (even when restrictions imposed seek to avoid operators discretionality).

Initiative implementing units with external funding have resulted in mechanisms of variable efficiency. The relative development degrees of available capacities, the quality of institutional frameworks for public management, particularly regarding stability and civil service regime, and the inclusion of projects in strategies for the public administration modernization are important factors in

determining its success or failure, beyond its specific qualities. Therefore, the great challenge is the development and strengthening of institutions which consider permanent dialogue with the involved actors of the sector one of its main implementation axis, progressively institutionalizing instances of liberation and participation, ensuring management for all the people involved, rejecting the representation of a sector in detriment of the others. The use of performance management provides greater flexibility to project the experience of targeted actions in a broader strategy, to stimulate and strengthen processes that impact on these broader levels of social and public action.

The lessons learned by PROSAP designated the nature of the tasks to be performed and the response of social actors as critical to the management capabilities of institutions of different jurisdictions and variables that directly affect the implementation and consequently, the performance of the projects and the Program itself. Assessments conducted about the latter's contribution to develop and strengthen institutional capacities have highlighted the importance of encouraging projects submissions, of the coordination from the inside of provincial administrations and to the resolution of implementing problems that require joint work. These relations take place mostly at political level (provincial government, ministers, agriculture secretaries), so that require great attention, as regards the Program strategic orientation and political negotiation.

Through the conditions laid down for its operations, financial institutions have promoted organizational innovations, particularly under the expressions such as "skills construction" and "institutional strengthening". Although the operationalizations of these proposals did not mean profound changes in the "old intervention modalities", they are active factors in the setting and design of public intervention strategies. These instruments must be employed as such, leading to the construction of solid and accessible government skills. Indicators that are limited to physical targets must be considered as indicators of state capacity building of political construction and of intervention planning, which promote the joint development of the various productive actors.

Accordingly, the task that lies ahead must be focused on the State political and management capacity, and on the articulations set with society, ensuring not only governance but also governance in increasingly complex scenarios.

## **Conclusions**

The evolution of the Program as public policy that consolidates and grows in intervention tools must be considered evidence of institutional strengthening of agricultural policies for the sector. Although given its project structure, it has an end date, it has set and boosted an institutional framework that continues to build and generate more tools and policies. Articulation at national level is observed because it is kept under the orbit of Agriculture throughout government changes, as a secretary and of the portfolios that this would eventually depend on, or recently as a ministry with the supervision of the Ministry of Economy and Public Works through the National Direction of projects with international credit agencies, as well as the Cabinet of Ministers. This accounts for the support of the national government to the Program and to its diversification, within the framework of hierarchization of policies for the agricultural sector.

Articulation with research and technological development institutes, with cooperation and technical assistance agencies, together with entrepreneurs and producers of the sector, account for the coordination and dialogue between the public and private sector.

Rural governance and sustainability is participatory and inclusive: it's not just about participating but also being part of it. Performance developed by PROSAP, as well as its articulated growth at different management levels, transformed the way to think public policies into more dynamic and flexible interventions, according to the complexity of the rural and the productive network.

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