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I. Rural Development and the Rural Poor

A. Why Rural Development is Important

Developing countries face severe problems of high and rising unemployment, inflation, inadequate food supply, increasingly crowded rural and urban areas, shrinking land holdings per cultivator, rising expectations of a better life (better health, better income, better education, better shelter) and growing intolerance of grossly unequal income distribution among different groups within a nation. Underlying many of these is very rapid population growth (a seemingly intractable problem over the next decade, at least).

These problems are causing increasing stress in the social and political systems of LDCs. Leaders are increasingly ready to consider new approaches. Attention is focusing increasingly on rural development and the rural poor, especially the very small farmers.

Rural development strategies aimed at the rural poor and based on increased production by small farmers as the engine for development seem to offer solutions to the multiple problems cited above. For that reason most donors are trying to concentrate much of their technical and capital assistance on rural development focused on the rural poor. The U.S. Congress has given AID a clear mandate to do so. This focus also stems from the present general conviction that development benefits to the modernizing sector do not "trickle down" to the poor in the traditional sector.

The rural development emphasis has been reinforced by the food crisis in the past several years, which has been compounded by the sharp rise in fertilizer's price and decline in its availability.

We define rural development for purposes of AID strategy and operations as follows:

Rural development is the process by which the poor majority of the rural population is assisted to improve its level of living on a self-sustaining basis. Thus, the process of rural development includes three major aspects: (1) raising levels of output and living; (2) participation by the rural poor; and (3) making the process self-sustaining. (Re participation see Tabs K and L).

B. The Rural Poor

This paper draws on AID's definition of the poor majority and on certain general characteristics of the rural poor identified by the IBFD and others (all described in Tab A). This paper assumes the following definition of the rural poor for program development purposes:

The rural poor are those persons living outside of major cities who:

1. Have a level of living which is low in absolute terms* and/or
2. Are characterized by a lack of effective access to technology, services and institutions which would sustain a higher level of productivity, nutrition, health and shelter.

Another but not defining characteristic of many rural poor is a strong, rational concern with risk avoidance when faced with opportunities for change. With regard to risk-taking, small farmers and other rural poor generally have a rational determination to avoid risks, to view innovation opportunities primarily

* Benchments to measure this include the following:

- a) per capita income below \$150 in 1969 prices.
- b) nutrition level below 2,200 - 2,500 calories per day and
- c) living in a group whose health is below minimum acceptable levels (life expectancy below 55 years, infant mortality above 33 per 1,000 infants birth rate above 25 per 1,000 people and less than 60% of the people having access to health services)].

in terms of the possible extent of loss under the worst possible circumstances rather than primarily in terms of the possibilities of gain.

In addition to the risk of penalties for technical failure, the rural poor are very sensitive to the risk of penalties (e.g., physical harm or loss of credit) which they often face from the local power structure if, in trying to improve their condition, they threaten the economic or political benefits the system now provides to others.

C. A Rural Development Model (See Tab B)

The ^{economic} nucleus of a useful rural development model can be sketched as follows:

Small farmers use the output of research to increase annual output per acre using increasing amounts of cheap labor as well as other more expensive inputs. Out of the higher income from profitable sales, savings are mobilized for further investment. This is accompanied by an increase of purchases by the farmer of seed and other inputs plus consumer items. These increased purchases help fuel a general program to increase off-farm employment which expands both the market for increased agricultural production and the production of simple goods, services and infrastructure that the farm family needs. In this way the wheel of production begins moving more rapidly. People work more days and produce more. Employment and incomes rise. Effective demand increases, providing the basis for higher levels of production.

The model is built on the observed fact that in most LDCs there is a great deal of available labor per unit of useable land or machinery. Useable land (given current water availability) and capital are the scarce, expensive factors

of production rather than labor (which is the scarcest and most expensive factor of production in most developed countries). Therefore, output per acre and per unit of capital invested are the important measures of efficiency, rather than output per person.

In this model rural development centers on, but becomes a great deal more than, agricultural production and can only be effective if, among other things, off-farm employment and other urban functions are given policy and program attention. Health becomes of increasing short term importance as the work year is extended (it has always been one long term goal of development). The need is reemphasized for relevant learning opportunities and the effective provision of relevant information. Most fundamentally, participation of the rural poor in program development and evaluation processes (and institutions to facilitate this) as well as in production for market becomes vital to its success. The economic focus is on the rural poor plus their holdings, if any, as income producing units rather than as farm producers only.

II. Constraints and Special Problems

A. Constraints on LDC Leaders (See Tab C for a fuller treatment)

Although there is general agreement among LDC leaders that rural development must be seriously addressed, LDC strategies, policies and practical programs to reform the rural regions are slow in getting started. There are serious constraints that account for this: They include:

- 1) Perception of political risks for those now in power either at the national or local levels,
- 2) Political leaders' need for quick results and impatience with long term development approaches,

- 3) Lack of appropriate technology,
- 4) Scarcity of management tools for local administration and of trained personnel willing to work in rural areas,
- 5) Lack of useful economic/social information on rural areas, and
- 6) A widespread LDC view that rural development should be pursued along the lines of labor - scarce industrialized countries, that bigger production units are better and that tight, central (top-down) control should characterize development programs.

Thus, there are important reasons for hesitation on the part of LDC leaders regarding the whole new approach to rural development. Despite these reasons many LDCs are beginning to move in this general direction from a variety of motives. In view of all this, AID should avoid "good guys--bad guys" categorization of countries on the basis of whether or not there is an all-out policy and program commitment right now to production/equity-focused rural development.

In addition to risks for governments, there are perceived risks for the rural poor in the promising new approach. (See Tab A). While some LDCs may elect to pursue an all out integrated rural development approach, one equally legitimate LDC strategy, in view of the above, would be to implement major policy shifts via incremental but purposeful changes in existing systems, technology and institutions. Incremental changes in what is widely accepted and understood provides the least risk approach for small producers and for most governments. The incremental changes would need to be directed on an "as rapidly as feasible" basis toward ultimate shifts of substantial proportions. As the IBRD has concluded with regard to changes, most LDC governments are willing to experiment, ^{at the project level.} (See Tab I)

LDCs and donors must assess what is really practical among the options available in a particular country. What is practical is not the same as what is easy.

At this point it seems to be only practical for most countries to try to go down one of the several points along the "small producer" route. However, we must keep clearly in mind that this is a new concept for most leaders, it flies in the face of what they have observed of the 20th century experience of industrialized western countries (though not Japan.) They perceive it as disruptive and its outcome is uncertain. Most basically we must keep in mind that this approach is a means to an end (the sustained, substantial improvement in the lives of the poor majority) and there may, in some places, prove to be better means as each LDC proceeds.

B. Trade-Offs Between Equity and Food Production (See Tab D)

A major strategic problem facing some LDCs and donors is the short-run trade-off between equity and food production. (Over the medium and long-run the two are in harmony.)

Those few LDCs faced with acute food shortages may focus attention and resources on larger farms (private or state-owned) which can achieve quick increases in yield by adopting highly mechanized technology. The risks of this are that:

- 1) The yield increase may not get to those who are suffering from acute lack of food,
- 2) Though it may increase employment of the "poorest of the poor," it is not likely to stimulate sufficient demand to ensure a growing market for sustained increases in food production,
- 3) It is likely to result in the larger farmers buying up land from or canceling leases with the subsistence farmers, thus adding to the problems of unemployment and landlessness.

Other short term options, such as use of PL 480, are being considered by some LDCs. Where the short term problem is too acute to be dealt with by concessional

food imports, the following two-track option has been suggested. On the first track, LDCs rely initially on the few larger farmers and "progressive" small farmers to provide rapid increases in food production. On the second track, these governments concentrate on adjusting policies, developing local-level input delivery systems and establishing marketing and other institutions in which local people participate. These are necessary to change the mass of subsistence farmers into a powerful, long-term productive resource for a country. Recent experience seems to show that where this is not done the initial spurt of growth from the relatively few "ready acceptors" of new technology may level off quite soon (in part because mass purchasing power does not steadily increase).

C. Lack of Rural Information and Experience (See Tab E)

Most LDC governments and AID suffer from lack of rural information and experience. In some LDCs the consequent lack of confidence is a reason why they have not gone down a small-producer path. The initial difficulty that most LDCs and AID missions are facing is how to develop the information needed to make a reasonable diagnosis of what's "out there" in the rural areas and where the strategic and influenceable variables are located. The lack of experience is revealed by the fact that while a good deal can be said about problems and solutions regarding the "progressive" small farmers (we already have good projects addressing them), considerably less can be said on the solution side about the much more numerous (largely) subsistence farmers or herdsmen and still less about landless laborers and about the tiny businesses which may employ some of them. Missions find that the LDC and AID know a lot about vital agricultural technology, the delivery of services to rural areas and, perhaps, rural public works (the so-called "top-down activities"). Missions also find that we know a good deal

less about how to stimulate base level demand for and ability to utilize those services or about how to accomplish base level participation in development in general (the so-called "bottom-up activities"). Knowledge about sub-national regional planning and effective financial institutions is spotty.

III. Practical Roles for Development Assistance Agencies

A. Main Entry Points That LDCs Will Buy

If we have learned anything from our generation of aid experience it is that an LDC government's political will and resultant policies are the most important controllable ingredients in a country's development. We have also learned that external donors can have relatively little direct influence over either factor. In general, donors can encourage good policies and programs and refuse to encourage bad policies and programs. But basically governments will go their own way. When donors are able to exercise influence over policy, it generally results from working first on a specific constraint or opportunity and helping the LDC government work on the policy issues that emerge.

In line with the above, the main starting points for AID country-level work on rural development are problems that LDCs perceive as important and on which donors are equipped to help LDCs work. Entry points might include:

1. Agricultural production and marketing (especially food crops) — the rural problem on which it is easiest to engage LDCs in significant dialogue and program development.
2. Unemployment and rural-urban migration — widely recognized problems that generally can be approached from the standpoint of enlarging employment opportunities such as seasonal agricultural employment, small scale rural industry or rural public works.

3. Local institutions (existing or new) in which local people participate — vital to sustained rural development and generally most effectively approached as part of a production-centered focus where they can be shown to be vital.

4. Regional planning — a difficult entry point in most countries at this time because it appears to threaten traditional agencies and there are few skilled practitioners in terms of LDC problems. However, it is especially valuable because it ^{can} over arches and conceptually integrate other approaches and tools. At the very least the concept and principles of regional planning need to be part of the frame of reference of donors and of LDC planners. (The WGRP recently sent to AID missions several working papers on regional planning.)

5. Sector analysis — enjoys sufficient professional respect among LDC planners that it forms a separate entry point in many countries.

6. Education and health — widely perceived as major problems by LDC leaders and people. These problems can, if properly addressed, open up the entire set of issues involved in rural development.

Therefore, while agricultural technology, small-farmer credit, cooperatives and the like may move rural development issues more quickly into focus, they are not the sole routes to that goal. It may sometimes be best approached by in-direction.

B. Roles of Donors

Tab F sketches seven principle roles of donors and identifies those that AID is particularly well equipped to play over the next decade or longer. The principle roles are:

1. Provider of capital,
2. Provider of operating personnel,
3. Provider of advisors/trainers,
4. Cooperative problem solver,

5. Policy advisor,
6. Financer of non-government agencies and
7. Collaborator with other donors.

The analysis in Tab F concludes that while AID needs to have substantial capital assistance as part of its kit of tools, its main development role should be increasingly as a provider of expert problem solvers and institution builders. This is also the only basis on which we can have a significant role with those major LDCs which no longer receive concessional aid but do have need for continual technical cooperation with the U.S.

We will be of value in these roles to the extent that we have access to really first class technical talent (both specialists and integrators) able to work over long periods of time with particular LDCs. Therefore, AID should focus much of its management attention on its expertise (including knowledge building) and on the effective deployment of talent to work with LDCs. (See Section IV C)

IV. A Practical Approach For AID

A. Introduction

1. Definition and Explanation

Webster's Collegiate Dictionary states that "'practical' applies to things or persons and implies success in meeting the demands made by actual living or use". In our case "things" might be guidelines, strategies, ways of doing. "Persons" are financed personnel. As in the case of LDCs, "practical" does not necessarily mean easy for AID. It does not necessarily mean that substantial changes are ruled out. It does imply achieving success.

This section of the paper will highlight, in part B, a few main elements of a practical approach for USAIDs in developing major country assistance pro-

jects focusing on rural development and the rural poor. Part C identifies a few of the main things AID/W should do in support of field missions. The elements are covered in more depth in the attached individual tab sections.

It is important to understand that there are areas vital to AID's program of rural development that this paper treats lightly or not at all. Most significant are macro-economic policies, long term research, the technical aspects of agriculture, education, engineering technology for small producers, nutrition, health and family planning, plus infrastructure research and operations. The lack of separate treatment reflects the writer's impression that the issues in these areas are better understood than in the areas highlighted in this paper and that they are receiving an acceptable level of attention in AID. Undoubtedly more needs to be done in each of the areas, funds and staff constraints permitting. Tab G lists other rural development issues and questions that need more attention.

2. Assumptions

This paper is concerned with that portion of AID's program which is based primarily on long term development considerations as contrasted with short-term political considerations. The sections that follow make the following three assumptions:

a) AID's FY'76 and FY'77 program to carry out FAA sections 103, 104 and 105 will focus on:

- 1) Increasing AID's effective rural development work with LDCs in the short run,
- 2) Providing short-run evidence to the Congress and the American people that the Congressional mandate is being carried out,
and

- 3) Equipping AID to participate effectively in a cooperative effort with LDCs, other donors and NGOs over the long run.
- b) AID should, in two or three years, be an agency which is:
- highly regarded by all concerned for its expertness at working with LDCs on problems of the poor majority,
 - sought out by LDCs because of its expertness,
 - provided with sufficient capital resources to assist where needed, e.g., where resources cannot be mobilized sufficiently by the LDC and are not available readily from other donors or where financial risk sharing is an important consideration,
 - having useful arrangements to work cooperatively with most developing countries, though without concessional assistance in a number of cases (e.g., Indonesia, Nigeria or Brazil),
 - using or developing effective access arrangements with American and some non-American experts in and out of the U.S. government to ensure a good response capability to LDC requests,
 - supporting a significant research program, via International, LDC and U.S. institutions, (focused primarily on problems of the poor majority) to ensure that we continue to provide intellectual capital to this pioneering venture.
- c) AID now is doing a great many things that are moving us in the right direction. Much of our past work and knowledge will stand us in good stead and many projects (both central and country) are on target.

3. Progress to Date

AID has just sent an interim report to the Congress about its performance in carrying out the new mandate. It shows a number of important projects designed to benefit and involve the poor majority that are underway with AID support (both mission managed and Washington-managed projects). It notes the excellent FY 76 program guidance cable and the substantial production of more specialized guidance from PPC, regional bureaus, TAB, SOG Task Forces, and the Working Group on the Rural Poor. The new Task Force on Implementation of the Congressional Mandate is given an appropriately prominent place. FBAR and other procedural changes are cited and the development of a good training capacity on the new directions is pointed up. The report emphasizes the fundamental point that AID's country-by-country pace and mode are essentially dependent on the attitudes and policies of each LDC government with which we work.

B. A Practical Approach For AID Missions

The AID field missions must shoulder the main burden of carrying out AID's new mandate. What do they do? How do they start or expand their efforts. The following paragraphs suggest some approaches. Each is treated at more length in the tabs to this paper. (See Tab H regarding the frequent problem of uncommitted governments.)

1. Finding a focus

Basically the AID mission must start with a major problem that the LDC government and AID want to address. In this, as noted above, there can be a variety of entry points to rural development. The initial problem selected

might be area development, crop production and marketing, health, education, nutrition strategy, etc. (See Section III A)

Regarding "integrated rural development" or area development, there are two ways to find a focus. One is to respond directly in a number of sectors to a request for assistance in carrying out comprehensive, coordinated area development programs. In some cases these may seem to have a good chance to evolve into effective, economical programs and be worth supporting with that prospect in mind. In most cases, however, these programs are likely to be most useful if viewed as laboratories to develop low cost, workable segments that can be replicated over a larger geographic area. The management problems at all levels of this sort of effort normally prove to be major stumbling blocks. (See Tab I.)

A second approach will be to start with a commonly perceived and critical need as discussed above. As an example, beginning with a specific difficulty faced by the small producer and of interest to the LDC government (such as the timely provision of fertilizer for the farmer or of working capital for traditional local industry) the program would build out within the sector and to other sectors as constraints and opportunities become apparent to all, which they quickly will if the issue is pursued.

Each approach can lead the LDC to what it and we should be seeking in integrated or area development, namely, an effort focused on participation by the rural poor in which several critical sectors or subsectors are dealt with in such a way that they positively reinforce each other in specific geographic areas.

2. Adopting an experimental approach (See Tab J)

Whatever focus an LDC and USAID select, the following major dilemma must be resolved. For a variety of compelling reasons it is imperative that AID help LDCs develop, approve and begin carrying out rural development projects promptly. At the same time there is a general shortage of good information on which to plan or carry out such projects with confidence. A USAID can resolve the dilemma by adopting an experimental approach. In this it uses the best knowledge it has now, learning more as it goes and making needed alterations in the projects as information increases and as results begin to appear. Obviously, a USAID should provide as good a diagnosis as can reasonably be made from available data as part of project planning and, along with that, identify areas of inadequate information outlining how it plans to obtain the information. As part of this each project should contain or be linked to a simple, low-cost rural data gathering, analysis and feedback system.

(N.B. One implication of the above is that these are long term problems. As missions are acutely aware, programs developed to deal with them must be planned for the long term, if they are to be effective. Three year projects will only be helpful if they are simply disaggregated elements of a much longer term plan for which there is a clear indication of AID's readiness to participate over a longer period.)

3. Developing a rural analysis and feedback system (See Tabs E, J and L)

The need for a rural data gathering, analysis and feedback system is dealt with above. Critical elements in any such system are that it be linked to project management and be low in cost and simple. Basically, it should be a system that non-professional LDC people, ^{in local institutions} in rural areas eventually can run with

some analytic and methodological help from professionals coming in from the regional or national level. A system should provide information that the local managers, political leaders and small producers need to make decisions. It should be able to provide quick answers to practical questions. It might answer questions about the make-up of the rural areas and the role of women, production changes, who is benefiting from the present system and from new inputs, changes in project related behavior of various important segments of the population and delivery system efficiency. Both quantitative and non-quantitative data are important. The "credit barazas" in rural Kenya (noted in Tab E) are examples of valuable, non-quantified feed-back which influenced project redesign. While there are many disappointing examples of data collection and analysis efforts, we are learning from experience. Several current experiments show that modest, non-computerized information adjuncts to fairly large projects have utility.

4. Effective projects

projects

There are as many ways of developing effective projects as there are AID missions. At the request of several officials, Tab J presents an illustrative project development process in country X which may suggest creative approaches to some missions and an airgram outlining one field mission's efforts. Tabs E, H, I and L are also relevant. A few major problems in project and program development are briefly treated below.

a. Accurate Information: This problem and some solutions have been dealt with in subsection 3 above.

b. Target Categories: Most USAIDs will have a problem identifying target categories among the rural poor. However, it is essential to do so in order to be able to tell whether projects are on target as they move along and to be able to make corrections in design when the project gets off target. The

basic question usually is, which elements among the poor majority should the operations we assist focus on? The answer should flow from analysis done in the rural area in question of the structure, resources and needs of the area plus macro-analyses. As usual, the answers will depend on the local situation. What, if anything, is the IDC government interested in doing, what do the rural people want and what is practical when the situation is viewed objectively? All other things being equal, the rural development model sketched in Section I provides two base points which help cut through the fog:

1. If sustained rural development is to occur, the poor largely subsistence producer needs to substantially increase his output and to begin to market it, and
2. Those rural poor who are not employed need to be employed to increase the effective demand for the farm production.

Standing on those base points the primary operational focus in RLDCs would generally be on the poor majority who are marginal or intermitten participators in the marketing system. While an important secondary focus should be on the poor who are already in the marketing system (especially for early increases in food production), care must be exercised in implementation that they do not skew the whole process to the disadvantage of the more marginal majority. As a practical matter USAIDs should help RLDCs identify those marginally participating poor who, for whatever reason, seem to have the best chance of moving rapidly into the market economy. It is reasonable to concentrate early efforts on them. For more advanced LDCs the primary focus probably should be on the poor majority in the marketing system whose output can be substantially increased.

This approach seems sensible for health and education interventions as well as for production-focused interventions.

(Note 1: The term "primary focus" is not intended to imply that all AID assistance should be channeled directly to poor people. For example, in the important areas of institutional development or reform and in off-farm, employment creating industry, the poor majority would receive ultimate benefits but not all of them and initial inputs most likely would flow to the more affluent.)

(Note 2: experience shows that in areas in which there is a widespread dispersion of wealth/income/power a general area improvement program may reach the target categories as effectively as a program restricted to a particular group.)

As they do now, field missions should call on AID/W for assistance in utilizing the data available from sector analyses and the rarer regional and rural area analyses for defining the target groups, understanding the system and identifying options.

c. Encouraging participation

Participation by the rural poor is vital and difficult to effect. (See Tab K for the general argument for participation.)

The best AID-supported analysis to date of small farmer production projects show that:

1. Small producers must be involved in the design and evaluation of projects affecting them (preferably the projects flow from analysis with them of their needs and the national needs).

2. Projects designed to benefit small farmers must get some decision-making into the hands of small farmers, if the benefits are to be achieved,
3. The only reliable testor of technological packages designed for the small farmer is the small farmer, and
4. Formal and informal groups are valuable, possibly necessary, mechanisms to reinforce small farmers who are considering or have decided to risk trying new technology packages.

Obviously acting on these findings is a tall order, filled with risks all around. We know from experience that interventions in this area may have unintended consequences (positive and negative). That experience reinforces the need for USAIDs to adopt an experimental frame of mind and to be prepared to redesign projects on the basis of continuing analysis and feedback.

Our limited experience suggests that many USAIDs can begin to help LDCs increase the participation of rural poor (both men and women) in project evaluation and development as well as in production output in the following ways:
(See Tab L for fuller treatment)

1. Linking to new projects a rural analysis and feed-back element (as discussed in IV. B. 3. above) having one or two well-trained, innovative social scientists or economists to ^{help} carry out the workload and to develop local competence to carry on. Through the variety of quantitative and non-quantitative approaches used by such an analysis unit, the rural poor can begin participating by providing information about the real constraints facing them, local officials are likely to begin to pay attention to this feed-back, to consult further

with the local people and then, hopefully, to ask central government and USAID to agree to changes in project design. The changes are likely to strengthen the communications loop and confidence all around should begin to rise. More small farmers can be expected to begin participating in the production programs, other things being equal.

2. Helping LDC social scientists (often as part of the analysis system in item 1) to develop field analysis programs (often using rural people as information gatherers). The programs would aim at providing both quick analysis to answer operational questions of program managers and longer term analyses to shed light on basic strategic issues facing the LDC. One example of an operational problem would be to help identify informal groups that can serve as contact points for LDC project officers working in the area.

3. Helping agricultural scientists to link their research to field trials on the farms of heretofore non-participating small farmers.

4. By becoming really well informed about certain rural areas through listening and exchanging views with LDC scholars, local officers, traditional leaders and the non-participating rural poor.

5. Using such knowledge, help in the strengthening of important local institutions and through use of ^{empathetic} LDC experts and adroit project designing assist them to evolve, with LDC government agreement, into small-farmer controlled vehicles for local action (e.g., guarantor of loans to their poorest members).

6. By keeping continual watch on the benefit incidence of the projects underway. USAID officers should begin raising questions about project design

as soon as the feed-back shows that benefits are beginning to skew upwards out of reach of the particular rural poor target group at which the project is primarily aimed.

Undoubtedly many missions can suggest other approaches and we would welcome information about them.

5. The Problem of Pushing Project Money Ahead of Substance

Rural development projects typically involve multi-level institution building, adaptive agricultural research and individual/group behavior changes. These processes tend to be slow and erratic at the outset. Forcing the pace may be wasteful and counter-productive. Standard AID or LDC pressures to move money smoothly and within predetermined and relatively short time periods can be expected to result in project goal displacement toward more easily achieved results, generally moving from the non-participating rural poor up the income scale to those who have a high absorptive capacity already and who often can proceed effectively without many elements of the AID-supported program.

During this several year period of low financial absorption USAIDs need to stand firm against pushing money in the project beyond the absorptive capacity of local institutions and of the rural poor. As a consequence, AID levels are likely to drop. Where aid levels are a substantial consideration USAIDs can try to fill the gap with such things as employment creating rural works that can begin to reduce constraints in district level transportation, irrigation and village water supply.

6. Including The Role of Women in Projects (See Tab M)

Selected USAIDs need to work vigorously to help LDCs improve the role of rural women in development. One rough-and-ready multi-country field analysis

has demonstrated that in a number of countries women have major roles in financial and farming decisions as well as in food production and rural public works.

The principal focus should be on including consideration of women's roles, where promising, as part of general development projects. Emphasis should be on ensuring access for women to information and to modernizing inputs and a voice in designing rural development programs in which they should be involved, based on their indicated interest. The second important focus should be on learning more about the problems and opportunities for women in development and about family divisions of labor and benefits in specific rural areas. These two foci should be merged so that we support selective action programs which include analytical elements permitting us to learn as we go.

C. A Practical Approach for AID/W

This section identifies a few actions that AID/W should take this year to help field missions work most effectively on the problems of rural development and the rural poor.

1. Gearing Up Where AID is Weak

In addressing rural development, both LDCs and AID are strongest in the traditional areas such as agricultural production, health, education and macro planning and policy. We are all relatively weak in the main off-farm elements of rural development. These elements are:

- 1) local market areas, market towns and regional cities,
- 2) local financial institutions,
- 3) small scale rural industry,
- 4) regional planning,
- 5) local infrastructure and utilities, and
- 6) local institutions in which local people participate.

Improvement of these generally off-farm functions is vital to sustain rural development. Yet we are weak in terms of general understanding of the needs and opportunities for program development in these areas, in analyzed experience as a basis for that understanding (i.e., intellectual capital) and in problem-solving talent identified and available to help action programs.

With regard to these areas AID/W and USAIDs need to recognize that rural development is not limited to farms and that the urban places in rural areas are vital parts of any improving rural system. It is also clear that through demand, employment and the migration issues, at a minimum, rural and urban aspects of development are inextricably linked. We can help LDCs work in towns and cities as part of rural development.

We must have a strategy statement which helps AID to work (where it has the talent) on the urban functions involved in rural development. In this regard the urban development strategy statement, which is now being revised at the request of A/AID, will provide one practical opportunity to carry us beyond the general conceptual groundwork contained in the WGRP's Overview of Rural Development.

As further steps to begin to correct these weaknesses in 1975, AID should arrange in each field to:

- a) have access to 15 to 25 good people (in and out of AID) to be available to help missions as consultants,
- b) inform AID officers at all levels about the issues, conceptual models and comparative experience,
- c) develop conceptual working papers for interested AID and LDC officers to read individually, and

- d) bring into AID a few experts in each of the main elements of off-farm rural development to provide day-to-day guidance in these areas.

To date AID/W is far behind where it should be in accomplishing these four steps. Clearly, more people must be put on this effort in AID/W as part of any practical approach.

2. Learning and Training for Rural Development Work

This paper emphasizes the priority need for substantially better understanding, at all levels of AID, about the elements of rural development and about practical ways to help LDCs get rural development moving. As a practical matter, if AID officers do not gain a useful understanding of these things, AID's significance will steadily diminish. AID needs to place a premium on officers keeping up with the state of the art and adding to it where possible. Office and mission directors who encourage this should be commended and supported by Bureau chiefs.

Over the next year several practical steps are possible:

1. Mission and office directors could arrange for staff seminars around an important rural development project which his/her staff is engaged in designing or evaluating. SER/PM/MD could assist by providing or finding talent to help with background readings, format and methodology.
2. The more formal training program being developed by SER/PM/MD (with the help of the WGRP, SOG task forces and others) needs to be given serious attention by mission directors and by bureau chiefs and their staffs.
3. AID needs to provide the hands requested previously to permit the completion of the working papers that the WGRP has begun to issue on various

sub-elements of rural development. The status of these is as follows:

<u>Title</u>	<u>Status</u>
Rural Development Overview	Transmitted to field
Regional Development	Ready for transmission
Base Level Organizations	In preparation, but delayed
Financial Development	" " " "
Small Producer Economics	" " " "
Small Industry	" " " "
Price-Space Relations	" " " "
Field Library on Rural Development	" " " "
Project Guidelines on Determinants of Effective Local Action	" " " "

The practical approach to all this is simple, but hard. It is to schedule time for able officers to: 1) help design and prepare material for training, 2) participate in training session, and 3) stick to that schedule.

3. Staffing Needs

This section is written on the assumption that the present division of responsibilities between the various AID bureaus will remain as it is.

First, AID needs an increase in the number of integrative sector or development generalists (well versed in rural development) who can devote full time to helping AID meet its needs for field assistance, DAP and project review, training and working papers in rural development. Special attention of such officers would be given to the issue of participation, to rural analysis and feed-back elements of projects, to those technical areas in which AID currently has limited technical competence on board as well as to multi-sectoral coordination. At present AID simply is not making it in these functions, despite hard work by all concerned. This is risky for AID.

There are good arguments for centralizing all such staff, e.g., to facilitate

most efficient deployment world-wide in support of missions. However, if that is not feasible then each bureau needs to have enough officers to do these jobs.

Second, most AID field missions need:

- A) More staff assigned to rural development, project development and monitoring, and
- B) Increased delegation of authority (or encouragement to use it if it now exists) to make reasonable changes in project inputs as the proposed project research shows that changes are needed to permit the project to keep on target.

Third, AID needs to bring on board by September 1975 a few experts to beef-up our in-house strength in:

- 1) regional planning
- 2) social sciences (development focused)
- 3) development of rural institutions in which local people participate
- 4) employment creating rural industry
- 5) local financial institutions
- 6) women in development
- 7) marketing

4. Rewarding the Risk Takers

PPC states that it is ready for "high risk" projects but says that so far most USAIDs are putting forward "no risk" projects, i.e., they deal with problems with which we are comfortable in ways that are comfortable. The USAIDs and AID/W need to view ourselves as dissatisfied experimenters.

To provide positive encouragement for this, project managers, program officers and mission directors need to be rewarded by AID/W for helping LDCs develop information and analysis that leads to project design changes which will improve the likelihood of a project achieving its target. As noted above, missions which are good at this should be delegated reasonable needed authority to make changes. Just as importantly they need to be assured of prompt review and decisions to AID/W, when necessary, so that their programs benefit from rather than suffer from project redesign. We should seek to have our activities respond to better information and follow the flow of events.

THE RURAL POOR

If rural development focused on the rural poor is to be a principal goal for LDCs and for AID, we need to define the poor so that we know who is within our target and who is not.

AID has defined the poor majority (whether or not rural) as anyone whose income falls below \$150 in 1969 prices. This constitutes about three-fourths of the population of LDCs eligible for U.S. aid. AID also includes all persons receiving less than 2,200-2,500 calories daily or living in groups whose health is below minimum acceptable levels (life expectancy below 55 years, infant mortality above 33 per 1,000 infants, birth rate above 25 per 1,000 people and less than 60% of the people having access to health services.)

The IBRD has used the standard that a person with an annual income equivalent to \$50 or less (in 1969 prices) is in absolute poverty. The IBRD has estimated that about 650 million people in the developing world fall into this category and that they represent approximately 85 percent of the total poor in the developing world (excluding China). The proportion of population falling below this arbitrary poverty line varies widely from region to region; it is highest in Asia (close to 40 percent) and lowest in Latin America. The relatively poor, representing roughly 100 million people or 15 percent of the total LDC poor receive incomes which are above \$50 but less than one third of the national per capita income. This group is found mainly in the less poor LDCs, notably in Latin America.

The 750 million people considered by the IBRD to be living in absolute or relative poverty constitute about 40 percent of the total LDC population. The IBRD estimates that at least 80 percent of the total poor (or 600 million) are rural and that the main occupation of four fifths of those rural poor (or about two thirds of the total poor) is agriculture.

The AID definition appears to provide an income cut-off high enough to include most of those the IBRD includes in "relative" poverty in LDCs. This paper's definition of the rural poor for program development purposes follows:

The rural poor are those persons living outside of major cities who:

1. Have a level of living which is low in absolute terms*, and/or
2. Are characterized by a lack of effective access to technology, services and institutions which would sustain a higher level of productivity, nutrition, health and shelter.

Another but not defining characteristic of many rural poor is a strong, rational concern with risk avoidance when faced with opportunities for change. With regard to the IBRD definition, those suffering from absolute poverty are mostly in very poor countries, notably in South Asia and Africa, characterized by low to moderate inequality in the distribution of income. Relative poverty, on the other hand, is more significant in countries having moderate average incomes but, as in Latin America, having extreme differences in income between the richest and poorest strata.

*[Benchments to measure this include the following:

- a) per capita income below \$150 in 1969 prices.
- b) nutrition level below 2,200 - 2,500 calories per day and
- c) living in a group whose health is below minimum acceptable levels (life expectancy below 55 years, infant mortality above 33 per 1,000 infants birth rate above 25 per 1,000 people and less than 60% of the people having access to health services)].

With regard to the IBRD definition, those suffering absolute poverty are mostly in very poor countries, notably in South Asia and Africa, characterized by low to moderate inequality in the distribution of income. Relative poverty, on the other hand, is more significant in countries having moderate average incomes but, as in Latin America, having extreme differences in income between the richest and poorest strata.

The rural poor are primarily members of households whose income is derived predominantly or entirely from manual labor (rather than from capital, land, or technical/administrative skills) as small (largely subsistence) farmers, farm laborers, construction workers, or workers in traditional industrial or service activities.

The IBRD has listed characteristics of the rural poor which help illuminate their situation and what is needed to change it. Among the most programtically significant points are the following:

1. They are found side-by-side with the prosperous but are contrained by lack of access to technology, services and institutions which would sustain a higher lever of productivity. Entrenched local vested interests often operate to ensure inequitable distribution of benefits from increasing production. (therefore a clear understanding of the system through which poverty is produced and perpetuated is important in program design.)

2. Most depend on agriculture for a livelihood.

3. Supplementary off-farm and on-farm sources of income are important especially for those with very small land holdings.

4. The poor are found in about equal proportion among the populations in fertile and non-fertile agricultural areas.

5. Recurring natural calamities in drought and flood prone regions compound the problems of moving out of absolute poverty.

6. Very few farms of less than 5 acres generate incomes in excess of the poverty line when producing traditional crops (by traditional methods). In 1960 there were 80 million LDC farms of less than 5 acres.

7. Tenant farmers need more land than small land holders to rise above the poverty line.

8. Landless and near-landless rural workers are increasing in number, especially in South Asia and Indonesia, and are among the poorest of the rural poor.

In addition to the Bank's points, great stress needs to be laid on the significance of risk and uncertainty factors affecting the behavior of the rural poor, especially in adopting new technology, such as crop production packages built around high yielding varieties of seed. "The subsistence farmer looks for sure bets. The probability of obtaining a 20 percent gain in nine years out of ten may be little appeal to him. In fact, the probability of obtaining a 100 percent gain in nine years out of ten, through the introduction of a new practice, may still not be

convincing to a farmer who has no reserves to fall back on. In the case of a farmer with no reserves, with his back to the wall, probability may be of little relevance. He must be principally concerned with whether there will be a failure this year. He finds it impractical to be concerned with the probabilities of gain and must be concerned with the possible extent of loss under the worst possible circumstances. This is one of the identifying characteristics of the subsistence farmer."

(Myren p. 4) While this will not hold true in all places, risk avoidance is a major factor to take account of in designing projects.

In addition to the risk of penalties for technical failure, the rural poor are very sensitive to the risk of penalties (e.g., loss of credit or physical harm) which they often face from the local power structure if, in trying to improve their condition, they threaten the economic or political benefits the system now provides to others.

An AID officer has identified the following two programmatically important and characteristic perceptions among the rural poor:

"There are two basic concepts prevalent in many LDC societies, especially at the village level, which affect the ability and indeed the interest of these societies in working towards significant Rural Development programs. These are two inchoate assumptions which affect what can be done in rural development in any society. These are the concept of finite good and the concept of finite power. Basically, both of these are closely related and are in strong contrast with our own cultural background which, overly simplified I am sure, considers both good and power to be infinite. If good (rewards: economic, social, magical, etc.) is limited and power is also limited, then to provide an individual or an organization with increased good or increased power means that you are taking this away from some other person or group within the horizon of those being affected by your programming. The growth or power of a cooperative or increased earnings from such an organization generally will be regarded as diminished

power or good in some other organization. These concepts are extremely important in peasant communities with fixed horizons, and indeed within certain governmental levels including those in the national level. These considerations have been well articulated in Foster's article "Peasant Society and Image of Limited Good" (American Anthropologist, April 1965), and Anderson's "The Idea of Power in Javanese Culture" (included in Culture and Politics in Indonesia, Holt, ed., Cornell University Press). These two concepts are extremely important in understanding why Rural Development and, before that Community Development, has not caught on. Therefore, attention should be given to this limitation in motivation in many LDCs if in fact we are to consider the effective functioning of Rural Development programs." (D. Steinberg)

Also, as another AID officer has written, we must keep in mind the problem of perception.

"Though poverty, human deprivation and degradation evoke sympathy everywhere, the perception of poverty which sets off a reaction among leaders, and the nature of the reaction, differs from society to society. In part this depends on ethical norms in the culture, and in part reflects pragmatically how harsh or how easy life is for most. In dealing with rural poverty, foreigners from the rich countries must be aware that their sensitivities and urgencies may not be shared widely in the host society. The host society, in turn, may hold norms which stress the responsibility of the individual to his extended family and other kin, but allow him not to become involved in the plight of total strangers, or of those who, though residing in his immediate area, are in no way related to him. Or ethical teachings may prevail which rationalize poverty as the punishment earned by some, whose misery in turn may offer the more fortunate the opportunity to earn merit by offering them comfort and help." (A. Hirsch)

In operational purposes there is a continuing problem of a cut-off at the upper limit of poverty. Who is not among the rural poor target group in a geographic area? An AID contractor (Development Alternatives, Inc.) has provided the following guideposts on the upper limits of the "small farmer" category.

"The best we can agree on is to suggest a set of disqualification factors. A farmer is not a small farmer if:

1. "He uses a production technique that differs from that used by our smallest farmer. More specifically, this rules out farmers who use an amount of capital or outside labor that calls for a significant individual cash contribution unless there is a special small farmer credit program that provides such cash:
2. "His willingness to take a chance with a new input, crop, etc., differs substantially from our smallest farmer;
3. "We also suggest a 'dynamic' disqualification factor:
 - i. we start with a set of small farmers;
 - ii. a new production technique is offered;
 - iii. some farmers take advantage of the technique and consequently advance themselves economically as, say measured by income or land under cultivation while others do not. Under such circumstances, we suggest that the farmer group has moved out of the small farmer category. We suggest then that a program that did not then focus a considerable amount of attention on those farmers that did not take advantage of the new production technique was not directing its efforts at small farmers. Furthermore, we suggest that our project design recommendations should focus on insuring that continued attention be given to those 'left behind.'
4. "We have considerable difficulty agreeing to an upper limit quantitative cutoff. The lowest that we have unanimous agreement on is that anyone in a position to cultivate less land than the average farmer is a small farmer.

"Needless to say, any suggestions you might offer to simplify our small farmer definition would be appreciated."

SKETCH OF A RURAL DEVELOPMENT MODEL

We said above that development strategies based on increased small farmer production as the engine for rural development seem to offer solutions to the multiple problems of inadequate food, rising unemployment, excessive population growth, grossly maldistributed income and rising rural expectations. There is an increasing body of literature dealing with all or parts of such a general strategy. The following sketch outlines the main elements of one model related to that strategy. There are, no doubt, other models and strategic variations appropriate in different situations to help an LDC achieve production/equity-focused rural development.

Note that in this model rural development centers on, but becomes a great deal more than, agricultural production and can only be effective if, among other things, off-farm employment and other urban functions are given policy and program attention. Health (always one long term goal of development) becomes of increasing short term importance as the work year is intensified. The need is re-emphasized for relevant learning opportunities and the effective provision of relevant information. Most fundamentally, participation of the rural poor (through their institutions linked to those of government) in program development and evaluation processes becomes vital to its success. From the economic viewpoint the focus is on the rural poor plus their holdings, if any, as income producing units rather than as farm producers only.

Bear in mind, however, that much of the model is based on assessments of success in countries other than those in which AID now works and on deductive reasoning. It is drawn more from Asian than from African or Latin American experience. It needs adjustment for areas with fragile ecosystems and those where land is not crowded. In other words, as the IBRD report on rural development says, "at this stage...it is important to emphasize the incompleteness of our understanding relative to the complexity and scale of the rural development problem to be tackled. Consequently, any conclusions derived remain tentative and preliminary; they are likely to be considerably modified as more is learned about the process of change in rural areas." Moreover, each rural development program seems to have many important site-specific aspects.

Nevertheless the model provides an illuminating conceptual framework. The model is built on the observed fact that in most LDCs there is a great deal of available labor per unit of land or machinery. Available land (given current water availability) and capital are the scarce and most expensive factors of production rather than labor (which is the scarcest and most expensive factor of production in most developed countries). Therefore, output per acre and per unit of capital invested are the important measures of efficiency, rather than output per person. (The latter is important as a measure for other concerns, e.g., standard of living.) Two other important considerations are the scarcity of LDC managerial talent to run complex or large enterprises and the social/political cost of high and rising unemployment. Given all of those factors,

modern technology that utilizes substantial labor (cheap) per unit of land or equipment (costly) is the appropriate technology,^{1/} other things being equal, and will (in fact does) produce the maximum output per unit of land and equipment. Such technology also maximizes employment, which normally increases the effective demand for food and other necessities.

The production-focused nucleus of the model is as follows:

Small farmers use the output of relevant agronomic, farm systems and water engineering research to increase annual output per acre, using increasing amounts of labor as well as other inputs. Out of the higher incomes from profitable sales, savings are mobilized for further investment. This is accompanied by an increase of purchases by the farmer of seed and other inputs plus consumer items. These increased purchases help to fuel a general program to increase off-farm employment through small scale rural industry and rural public works. This program expands both the market for increased agricultural production and the production of simple goods, services and infrastructure that the farm family needs. In this way the wheel of production begins moving more rapidly. People work more days and produce more. Employment and incomes rise. Effective demand increases, providing the basis for higher levels of production.

^{1/}The energy component has become an important independent variable.

The roles of small scale rural industry and rural public works are particularly important in sustaining rural development. This is enlarged on below.

To make the model work a government's price, tax and import policies must support it and government and private research and delivery services (such as extension, credit and family planning) must be geared to the needs of the small farmer and small entrepreneur. These points about policy and delivery systems are becoming widely recognized, although not yet generally practiced.

(NOTE: Certainly delivery systems for family planning services and information need to be steadily expanded through public and private channels in rural areas. However, it is probable that family planning will have the greatest demographic impact as a result of perceptual changes among young rural people as the health and income benefits of production/equity-focused rural development become apparent and as the human dignity of women becomes generally accepted. This is likely to be some years hence in most countries).

It is becoming accepted by program managers that rural development can be accelerated if the rural system is studied and understood. Analysis helps identify the parts of the system that need to be added or strengthened or altered so that each functions well and reinforces the whole effort in a more or less coordinated way. Regional planning, sector analysis and rural area analysis and feedback systems are among the principal diagnostic tools

now available. There are examples of their being used effectively. By and large they are grossly underutilized, even in the light of their acknowledged imperfections. Also underutilized are the limited coordinating devices to help different ministries work together.

At least as necessary as effective government delivery systems, analysis and coordination are the mechanisms that permit the rural poor to hook up with the delivery systems. Local institutions (e.g., coops) in which local people participate are essential parts of most effective hook-up arrangements, as are sub-regional centers at which spokesmen for the participative institutions and delivery system representatives can develop plans and evaluate experience.

The model sketched above rests on the assumption that the rural poor will take advantage of such inputs as newly-available technology, better credit, and acceptable family planning information. But experience shows that this will not happen unless these new opportunities, made available by people viewed as "foreign" by the rural poor, are recognized by the rural poor as being of substantial value to them. Unless they meet perceived needs, the new "goodies" will find few, if any, takers.

Indeed, the best way of obtaining behavioral and attitudinal change in the rural poor is to start with a behavioral change among LDC development agencies and donors. The change would be to ascertain, a priori, that the services to be delivered are not just what officialdom believes the rural poor want, but correspond to what the latter really want. Like most of

of mankind, if not more so, the rural poor everywhere are skeptical about new-fangled ideas or arrangements. (The key element of risk avoidance was discussed above). They need to be convinced, but the convincing is not always easy or quick, and cannot be based on words alone. They need to see that the new thing works, and that it can do something for them that they feel a need for. That is why a strong case exists for involving the rural poor directly in project development. Via simple, known techniques the rural poor can help identify constraints in achieving their goals and what can be done by them, with them and for them to overcome such constraints. They should be able to influence both the content and the format of the delivery system. This feedback, is equally important in helping a delivery system to become institutionalized and permanently accepted, thus lastingly affecting social and individual behavior.

The following is extracted from research findings of Dr. John Mellor and associates at Cornell University working under a TA Bureau contract.

"Expansion of small scale industry offers potentials closely related to... and can be seen as highly complementary to employment oriented...agriculture. Rising income in rural areas may itself create a favorable demand environment" for products of such industry "as well as a source of savings and investment." Concurrently small scale industry may tap sources of savings not otherwise available for industrial expansion. Investigation shows the following...characteristics of small scale industry: (1) they tend to be labor intensive; (2) they have large work capital requirements relative to their fixed capital requirements (while lending systems tend to be more oriented to providing loans on security of fixed capital; (3) they use large quantities of raw materials relative to fixed capital, requiring finance and making them vulnerable to price fluctuations in raw material markets, the latter in turn placing emphasis on trading accumen and favoring the trader as entrepreneur in small scale industry; (4) the raw materials required such as steel, plastics and fibres may be capital intensive, requiring imports if the labor intensive advantages of small scale industry is not to be substantially lost.

"Thus growth of small scale industry complements vigorous agricultural development by providing employment and hence increased incomes and demand for food and other agricultural commodities and by providing a potential investment outlet. It requires...improved infrastructure for better working markets, imports of capital intensive raw materials and intermediate products, ready supply of working capital, and rising consumer income. From this, it is clear why small scale industry has fared badly in capital intensive strategies of growth.

"...Agricultural production, consumption and rural industry provide a basis to support rural infrastructure which no one alone could support. The implications of this set of relationships to total development strategy are profound. Given the massive initial size of the rural sector, widespread success in this sort of broadly "integrated rural development will require a high proportion of the economies' physical and financial resources. Thus for the total approach to succeed requires a major reorientation of development strategy. A partial commitment...is not likely to succeed.

"The basic policy needs are a commitment to technological change in agriculture as the engine of growth, to investment in rural infrastructure including roads and electrification on a massive scale and to fostering small scale rural industry as indicated above.

"The foregoing analysis facilitates placing the role of rural public works in perspective. It can be seen that without major ancillary efforts at rural development, public works programs cannot fulfill a function of providing a major source of employment and real income for the low income laboring classes. With vigorous rural development, rural public works will be needed for productive purposes and generally need fill no more than a residual role in providing employment.

"Rural public works programs may provide a major source of employment in pilot project areas without affecting aggregate demand for food significantly. But, if a public works program is national in character and affects a major portion of the laboring class and the employment problem, then it necessarily has a substantial impact on the demand for food and for grain in particular. It is the high marginal propensity of poor people to consume food that creates this relationship and makes vigorous growth in food supplies a necessary condition of a vigorous employment program. But, that very growth in food output, increases employment directly, and provides income flows which indirectly increase employment and through this set of processes creates an effective demand for increased rural infrastructure. In this context rural public works are properly viewed first in their productive capacity of providing the infrastructure of rural development and secondarily as dealing with a small scale, hard core problem of unemployment and poverty within a generally expansionary employment context. It is the necessarily supplemental role of rural public works which has been missed in much of current policy discussion."

Constraints on LDC Leaders

Rural development is a high risk venture, politically and economically, and LDC governments differ in their readiness to give it a significant place in the context of national development plans. There is increasing agreement with the view that a development strategy which emphasizes small producer economics may offer solutions to multiple problems of food, employment, population, income distribution, and rising rural discontent. There also is wide awareness that rural development involves high stakes, demands considerable investment, requires recurring expenditures, and that once the rural areas become the focus of attention, it is politically dangerous for the central government to reduce its level of support for their continued development.

Given the right mix of national development policies, rural development can become the amplifier which increases the productive power of the country, helps create customers for locally produced manufactures, and sustains the entire effort by providing more agricultural products for consumers and industries. In addition, it provides opportunities for appropriate emplacement of industries away from crowded urban centers into rural areas where labor and other costs may be cheaper. But in many cases, rural development initially demands investments in physical and social infrastructure which are costly and which may not pay off immediately. Given the traditions of political economy in many LDCs, to channel resources away from the cities into the countryside is to reverse the centuries-old direction in which resources have flowed.

The political gamesmanship of rural development is equally risky both at the national and subnational level. Implicit in rural development is a devolution of decision-making to rural people and their leaders. Within the rural political arena, this may bolster or weaken the power of traditional leadership. At all levels, new relationships, new balances of power may come about, involving the rural hierarchies, the newer urban/industrial classes, mercantile interests, labor organizations, and large numbers of rural voters flexing their ballot-muscles for the first time. These shifts are bound not only to have profound and multiple effects in the short-run, but to affect lastingly the political life of the country: once within the political arena, rural voters are likely to remain. And thereafter no political party or interest can afford not to reckon with blocks of rural voters. But in the longer run, the participation of the rural population in national political life can strengthen both the domestic foundations and the external posture of the government.

Given these complex and multiple risks, it is not surprising that rural development programs require a conscious "political will" on the part of the government in power. Often a decision to push rural development is predicated on its being tried experimentally at the project level, allowing an examination of piecemeal results (IBRD Report, p. iii). If some success is achieved within acceptable economic and political costs, the "political will" to expand the effort may be strengthened.

Where the political will is beginning to be evident there may come into play the following constraints:

- 1) Governments want quick results and are impatient with long term development approaches. This is often because leadership groups have a

tenuous hold on power. They may see themselves facing the political risks and costs first and are eager to translate these into gains and benefits.

2) There is a lack of appropriate technology. Despite spectacular breakthroughs in seed grain technology, much hard work is ahead to develop appropriate high yielding agricultural input packages for small farmers in large parts of the developing world. Appropriate off-farm technology is still more of an appealing concept than an actuality.

3) Management tools for local administration and trained personnel willing to work in rural areas are scarce. Existing government institutions of all types--mainly central government ministries extended into rural areas--are generally unresponsive to the rural poor and must be reformed or bypassed (either of which will be resisted).

4) There is an almost universal inadequacy of useful economic/social information on any site-specific rural environment and on changes taking place there from either private or government activities.

5) There is frequently a serious and sincere reluctance in developing countries to follow perceived models other than those which have proved successful in industrialized countries. This frequently takes the form of maximum resource allocation to the modern sector, on the assumption that such investments will generate the resources needed to develop the traditional sector at a later date. It is not really "trickle-down", but rather a calculated risk based on estimates of the level of tolerance of the poor. Two operational conclusions of this strategy generally are that bigger production units are better and that tight central (top-down) control must characterize development programs.

Despite these concerns a number of LDCs are beginning to seriously consider programs aimed at the rural poor. For this reason and in view of the above, we should be very hesitant to put countries in "good guys—bad guys" categories on the basis of whether or not there is an all-out policy and program commitment right now to production/equity - focused rural development.

Risks for governments and risks for the rural poor are high. Despite this some LDC governments are trying to bring about a thorough-going, rapid reform of rural areas—a decentralized, integrated rural development program from the outset. However, where LDCs are not prepared to embark on such a bold program, one legitimate strategy would be to implement major policy shifts via incremental but purposeful changes in existing systems, technology and institutions. Incremental changes in what is widely accepted and understood provides the least risk approach for small producers and for most governments. The incremental changes would need to be directed on an "as rapidly as feasible" basis toward ultimate shifts of substantial proportions.

LDCs and donors must assess what is really practical among the options available in a particular country. What is practical is not the same as what is easy. At this point there are good reasons for most countries to try to go down one of the paths along the "small producer" route. However, we must keep clearly in mind that this is a new concept for most leaders, it flies in the face of their perception of the 20th century experience of industrialized countries, it is disruptive and its outcome is uncertain. Most basically we must keep in mind that this approach is a means to an end (the sustained, substantial improvement in the lives of the poor majority) and there may, in many places, prove to be better means as we proceed.

PRODUCTION vs. EQUITY IN AGRICULTURAL DEVELOPMENTSUMMARY

By Martha W. Horsley

AID has currently two major concerns in its program assistance for agricultural development. One is a "production" concern, to help the less developed countries (LDCs) increase their domestic food production in order to alleviate hunger and malnutrition among the lower income groups. The other is an "equity" concern, to concentrate the direct benefits of AID assistance on a target group defined as the "poor majority". A question arises whether it is possible to satisfy both concerns simultaneously or whether there is a trade-off, i.e., whether the full achievement of one objective is inevitably sacrificed by pursuing the other. The answer to this question is approached by considering the probable effects of the alternative strategies--one concentrating on small farmers and one on medium and large farmers. The time dimension appears to be a key factor in the analysis.

Evidence in support of a production-equity trade-off under a large farmer strategy in the short-run is inconclusive. Food output will be high, and the larger rural income gap in the lower to medium ranges may be compensated by the very real benefits accruing to the lowest income groups through reduced retail food prices and increased employment. These lowest income groups include landless agricultural workers, submarginal farmers who are net food purchasers, and the urban poor. The long-run trade-off in equity of a large farmer strategy is high, however. Neither the political will for taxing the profits of the rich nor alternative, readily implementable productive activities for small farmers (given large farmer pre-emption of food production) exist. Moreover, the problem of effective demand, a key factor in long-term growth, looms large when the income potential of a

majority of the population is ignored. There is also some question of the extent to which food prices will in fact decline in the long run, given (a) the close link between food prices and energy prices, particularly for the large farmer, and (b) the increased monopoly power which the large farmer strategy entails.

Conversely, a production-equity trade-off under a small farmer strategy appears to exist in the short-run but not in the long-run. Studies on agricultural productivity show that constant returns to scale across farm size prevails when all inputs are accounted for. In the short-run, however, small farmer access to new inputs may be inhibited by poor physical infrastructure, large-farmer oriented institutions (e.g., for research, credit and extension), and inadequate knowledge or cultural attitudes. In the long-run, all these variables are subject to change, and there are persuasive arguments suggesting that a benefit/cost measure for small farmer production will be as high or higher as for large farmer production despite the diseconomies of scale in dealing with large numbers of people.

Conclusion

Part of the problem in the strategy choice lies in the fact that one is balancing on a double-edged sword. On the one hand, all evidence shows that the distribution of benefits to the small farmer--not to mention other, more intractable members of the "poor"--does not occur spontaneously. It must be planned; and, in fact, the odds must be stacked in his favor in order for him to get a fair shake. Note that this situation is not symmetric, i.e., a small farmer strategy does not really cut out the larger farmer who will continue to have ready access to technology, inputs, and markets. Funds from major international donors as well as LDC governments will continue to

finance large and medium-size producers, as well as small producers, regardless of AID's strategy choice. On the other hand, the burden of proof that a small farmer approach will "work" really lies on the advocate. With the exception of some of the East Asian countries--Mainland China, Japan, Taiwan and Korea--plus Egypt, Israel, and perhaps Yugoslavia (see ref. 14), attempts to pursue a major small farmer strategy at the national level have been few and far between. Some people question whether the approach, entailing considerable self-discipline and group cooperation, is culturally transferable to many parts of South Asia, Africa and Latin America.

True, there is considerable evidence at the micro level that successful small farmer projects can be designed and that output can be increased by lowering the capital-output ratio, i.e., by using capital more efficiently, as well as by capital accumulation. It is largely this evidence that leads to the conclusion that the small farmer strategy is the optimal choice in the long-run. But, of course, there is also evidence of failure--high rates of default on credit, cultural impediments to modernizing techniques, and inability to maintain group cohesion. One thing is clear; the more the constraints, the higher the trade-off. Due to the very real difficulties associated with designing effective programs for the poor, an equity approach will require maximum programming flexibility, including continued use of low interest rates on external development loans (but not on credit to end-use-farmer-borrowers), local currency use in DLs, freedom to choose the most appropriate inputs and outputs, more use of technical assistance funds for local hire and local procurement, and rapid response and assistance from AID/W.

In the final analysis, there appears to be no alternative to the small farmer strategy. The large farmer approach may lower food prices in the

short-run but it will not give the poor the income or the income potential needed to raise their standard of living in the long run. Food production for its own sake is not the goal, rather food to feed the poor. And the poor will not be able to obtain the food without increased incomes. A reasonable strategy on the part of AID might involve food aid--to the extent that it is available--in the short-run to alleviate undue suffering plus capital and technical assistance to assist in small farmer development over the long-run.

Diagnostic Capability

During and after the AAC discussion of the issues paper put forth by the Working Group on the Rural Poor in July, 1974; the TA Bureau and the WGRP were urged to address themselves to improving AID's capability to diagnose the rural scene in such a way as to identify the strategic levers that could be grasped to make changes in the rural areas.

Frankly, there is no tool available, at least as yet, that can tell central planners or managers what specifically is needed to produce an effective rural development program either nationally or in any specific rural area. There is considerable dispute as to whether such a tool can be devised, though it is worth a try. What we do have available are some imperfect tools which bear on parts of rural development system.

The main paper stated that LDC and donor officials in capital cities need to get a better understanding of what is "out there" in rural areas and that those stationed in rural areas need to get a better knowledge of what's "around here". To do so they require accurate and usable diagnostic tools.

Information is needed on a macro level by national planners, managers and political leaders. Such information includes national resource endowments, foreign trade prospects, effects of alternative import, price and tax policies, yield and nutritional impact of alternative crops, cost-benefits of public vs. private delivery systems and so on.

In addition to that sort of top down information we need a great deal of micro or bottom-up information that is locality specific and immediately relevant to operational decision making. They may need data on local impact of current development programs (Who is benefitting? What is happening to

production?), baseline economic and social data for strategy planning, data for project design, such as that on the rural credit structure, and data for project implementation guidance, such as indicators of physical progress, utilization and types of participation.

Obviously the top-down and bottom-up data should be linked so that the implications of each can be appreciated by decision-makers at the center, the regions and the district and can impact on decisions at each place.

At the macro level AID's sectoral analysis work in agriculture, nutrition, health and education needs to be pursued vigorously, to improve the methodologies so each can become a more useful tool for choosing between optional strategies at the national level. There are efforts underway to do just this. As a practical matter they need to be continued, perhaps at an accelerated rate.

However, there clearly is not an adequate effort underway with regard to local level analysis and, as discussed in Section IV B. and Tabs J and L, this needs to be substantially and quickly beefed up as a part of or as an adjunct to most of our mission-managed rural development projects. As our capacity in this improves we need to offer it as a separate AID project option in support of LDC rural development programs. Attached is one model of an approach as well as a good description of problems involved in setting up a modest, effective local information system which can provide base-line surveys and fairly prompt, targeted answers to local development questions troubling project managers, local political leaders and national level officials.

In between national and local planning is regional planning. Though there is substantial knowledge among experts about this tool, few LDCs and donors have done much with it. However, the logic of decentralizing for rural development is becoming more apparent and regional planning is being increasingly valued for the disciplined approach which it provides to this difficult problem. Regional planning provides an integrating framework for planning economic and social infrastructure (roads, market facilities, credit institutions, health and education services) because of the importance of spatial considerations in their cost/effectiveness.

The first practical step in utilizing this regional planning tool is to ensure that AID mission officers understand enough about it to discuss it intelligently with their LDC colleagues. (WGRP is about to provide a working guide to the field.) Second, AID needs to ensure that it has identified enough U.S. and LDC experts in regional planning to be able to respond effectively to requests for assistance.

With regard to analytic tools in general, AID needs to develop a conceptual framework covering the strengths and limitations of national, regional, and local level analysis (long and short term) and provide information so that generalists understand them and experts in each know when to call on the other for help.

Of particular importance to AID missions to keep in mind are two practical points about the use of national, regional, or local information by LDC decision makers:

1. These decision-makers (like those in any system) fill the role of conflict managers between competing interests. They rarely fill the "economic man" role of optimizers of the use of available resources. Hence optimizing sector models and even targeted micro

studies can have only partial influence over decisions on development problems.

2. If the analytical information is to be used at all, the ultimate LDC information users must be involved in dialogue with the research team at regular intervals in the planning and implementation of the analysis. These analyses must aim at answering the questions the LDC decision-makers have in mind.

(The Kenya Case Study of a rural data gathering, analysis and feed-back unit is attached at the end of this paper.)

Roles of Donors

This paper lists seven principle roles that donors play and identifies those that AID is particularly well equipped to play over the next decade or longer. The principle roles are:

1. Provider of capital. This is one of the two classic roles for AID. It is what most people think of when they speak of foreign aid. It is the platform on which many AID careers have been built.

The IBRD, regional development banks and the oil producing countries are emerging as the main sources of capital and AID is becoming a junior partner. Most AID officers feel that the capital assistance role is necessary to buy a seat at the table where the LDCs are making decisions on key development problems. In many cases they are probably right at this time.

2. Provider of operating personnel. This is a classic role of the UN specialized agencies and the ex-colonial powers. While the U.S. has done some of this it has been a minor function for us. In a few least developed countries and some rural development programs it may continue to be a useful contribution.

3. Provider of advisors/trainers. This is the classic U. S. technical assistance role. It is closely tied to our continuing concern to promote the development of modernizing institutions and methods in LDCs. We know a great deal about this and clearly have the most widespread expertise in the world in this broad function. It is of continuing relevance in rural development, because institutions and techniques in most LDCs are ill-equipped to deal with the problem and need to be either reformed or bypassed by new institutions.

4. Cooperative problem solver. Cooperative problem solving is becoming a relevant mode for foreign experts as LDC expertise increases year by year and as the problems of development increasingly call for solutions for which experts from industrialized countries have a decreasing number of relevant models from their own experience. Often this role can be performed very effectively by intermittent consultation with LDCs at critical points in the planning and implementation of programs, whether operational or research. In recent years it has become evident that the LDCs and MDCs share many problems and can usefully collaborate on their solutions.

Obviously roles 2, 3 and 4 are closely related and can be used to reinforce each other. Excellence in these areas also helps AID to influence capital resource allocations of other donors.

5. Policy advisor. All donors have difficulty carrying out this role, even when sincerely sought by the LDC. However, assuming equal technical talent multilateral agencies have a somewhat easier time than do bilateral donors (especially agencies like A.I.D. which represent great world powers). In dealing with governments which feel threatened by rural development reforms AID will generally be most effective in policy advice via informal dialogue by trusted senior officers who have really studied the problems, who have resided long enough in the particular LDC to be taken seriously and who can base their arguments on the results of practical projects taking place in that country.

6. Financer of non-government agencies. International research centers and private organizations are of increasing significance and interest to LDCs are increasing. Of particular value in rural development is the fact that private organizations are often tolerated by LDC

governments in sensitive areas where direct AID support would not be welcome. Thus, AID has a large stake in helping such agencies become really vigorous providers of high quality technical assistance.

7. Collaborator with other donors. This is of increasing interest to all donors as the short term political aspects of development assistance diminish in importance relative to serious concern that the problems of the LDCs be solved. The "common front", via consortia, is of great value to donors in dealing with policy issues. From a purely technical viewpoint rural development expertise is inadequate among all donors and we need to share what we have, drawing on the best that is available from whatever source.

From the above review it seems clear that while AID needs to continue to have capital assistance as part of its kit of tools, its main development role should be increasingly as a provider of expert problem solvers and institution builders.

We will be of value in these roles to the extent that we have access to really first class technical talent (both specialists and integrators), skilled in collaborative working styles and able to work over long periods of time with particular LDCs. If we become viewed (as we are in many areas) as a source of first class talent we will not have to worry about buying a seat at the table. We will be offered one.

This is also the only basis on which we can have a significant role with those major LDCs which no longer receive concessional American aid but do have need for continuing technical cooperation with the U.S.

Therefore, AID should focus its attention first on its expertise (including knowledge building) and on the effective deployment of talent to work with LDCs.

Uncommitted Governments, Dialogue and the Collaborative Style

Most LDC governments are formally committed to rural development for the rural poor. A number of LDC governments are committed in fact as well as word. Many, however, are not. This absence of programmatic commitment often seems due to uncertainty in the face of high risks as discussed in Tab C. So while the logic of fundamental trends today is forcing most LDC leaders to think hard about rural development benefitting the rural poor, there are many other considerations that they must take into account. Rural development is not a prescription for peace and quiet, which is what almost all regimes seek internally. (Equally, of course, disregard for rural development will not bring peace and quiet.) Involved in all of this is the question of power and who shares it as well as income and who shares that (usually they go together). Thus government leaders must be conflict managers as well as developers. In the interests of holding the body politic together and maintaining their own power, leaders must usually attend to the conflict manager role as a first priority. Such LDC leaders are likely to be cautious toward introducing disturbing innovations, therefore, and prepared to move only on the basis of demonstrated results. They generally will prefer incremental changes to sharp, abrupt breaks with the past.

The practical approach for AID, where the LDC leadership is uncertain, is to help the leadership make important incremental changes that will lead to fundamental changes in a reasonable time. This implies dialogue, pilot projects, expert consultants, risk sharing, and regular feed-back of progress and failures.

Regarding dialogue, AID officers need to be sensitive to the political factors and, to that end, to have in mind the following two points about political change and power:

1. "Rural development implies...[the fostering of a] dynamic rural system which derives its stability from using productivity and a flexible approach to meeting the changing needs of people. One of the theoretical assumptions of rural development is that it can help promote political stability in a changing society. This is not to suggest that the transition out of a conservative and low productivity society is not destabilizing along many dimensions including the political dimension. Rather, the issue is whether a country can develop the capacity to adjust and adopt to change in an orderly and relatively peaceful manner. Rural development activities are carried out against a background of tension and expectations. How people view rural programs will have a profound influence on whether stability can be maintained. If peaceful change is to be feasible, [the] people [and the power structure] must have confidence in the processes and institutions of rural development. Part of this confidence comes from a government commitment to rural change. "Without this commitment, long-run political stability is highly uncertain." (Overview Paper--p. 26)

2. If one assumes the model used in this paper, empowerment of the rural poor is a consequence of their development, just as it is an essential element in sustaining rural development. Participation is the key to this. Non-revolutionary empowerment seems to be based on local people's assessment of a situation, knowledge of opportunities and a growing confidence that the opportunities can be grasped without unacceptable risk of starvation or punishment. Energies become focused by participation in a group (e.g., community or co-op) which begins to act on opportunities and to make some

noise. This results in political persons and civil servants paying attention and, generally, trying to be responsive. By this process a devolution of power is begun, planning and decisions become shared between the center and local areas and between local officials and local groups. There develops a shared sense of responsibility for results. (LDC practitioners at a recent conference on rural development saw this simple scenario as knitting a more cohesive political/social fabric and speeding production/equity-focused rural development.)

Thus, one fundamental part of AID mission leaders' kits of tools should be good knowledge of internal political/social trends and conflicts in the country in which they are resident. (An LDC or U.S. social scientist on the mission's roles can be a great help.) Second, they need to know something about experiences in other countries that are relevant. Third, they need to have a firm grip on a general rural development model, such as that sketched in this paper, and use it as a reference base for understanding and discussion of the local development requirements. Fourth, they need to center on one or two major problems recognized by the LDC leadership as vital (e.g., food supply or unemployment) and be able to discuss the relevance of the general model to solving those problems.

What if the dialogue is not initially fruitful, at least at the ministerial or other political level? Mission officers need to assess whether other forms of persuasion may be effective or may open up opportunities for productive dialogue later on. To do this AID missions need to step back and scan the universe of possibilities. The following sorts of questions need to be answered:

- a. Who in the government or what group in the country is doing something useful that is leading somewhere regarding the policy? Could they

use our help? Would our help be tolerated by the host government? Examples might include vol. ags., academics, local private groups, elements of the central or regional governments that might be able to light successful beacons if they had help.

b. Are there essential changes which most parties agree should be made and which would, in that country, strengthen the likelihood of development action by the rural poor? Affirmative answers might include:

- local level storing and drying
- making agriculture research relevant (agronomy and machine technology)
- strengthening off-farm rural area employment via small scale industry and business and/or labor-intensive larger investments
- strengthening non-formal education and feedback--teaching trainers how to facilitate learning rather than lecturing
- strengthening local officers' skills in management, decision making and local action facilitation
- strengthening local non-government analytic capacity as an "honest appraiser"
- low cost health delivery systems
- nutrition strategy development

AID/W needs to be brought in closely on such an appraisal and to be prepared to fund targets of opportunity that develop.

What does this mean with regard to the concept of collaborative style which AID has spoken about in recent years? We can be collaborative with governments whose policies and programs lead in the direction we favor.

We can use their plans and try to do those things they particularly want us to do. However, where there is a conflict between host government requests and AID's mandate regarding the poor majority, the mandate takes precedence. In that event, we need to do those things which will foster LDC movement in the direction of production/equity-focused rural development, as long as our actions are acceptable to the host governments. Where no meaningful action is possible in this regard we need to scale down and either follow the House Foreign Affairs Committee's injunction that in such a case we get out.

Integrated Rural Development

Regarding semantics, the first step in a practical approach to integrated rural development might be to dispense with the term "integrated". Integrated rural development may describe an ultimate national model that would be worth achieving, but it does not comport with reality in very many places in which AID is now working. Also, in AID it has become associated in many officers' minds with donor-orchestrated pilot projects which, while useful in many respects, have generally proved too expensive in terms of funds and scarce managerial talent to permit national replication. (The IBRD Rural Development Report steers away from the term "integrated".)

A practical alternative is simply to use the term "rural development" to describe what AID should be seeking, viz., an LDC development effort focused on participation by the rural poor in which several critical sectors or subsectors are dealt with in such a way that they positively reinforce each other. An LDC rural development effort that does not do this is unlikely to be effective over time.

Regarding action as contrasted to semantics, AID missions should be receptive to requests for assistance from LDCs which are attempting to carry out comprehensive, coordinated area development programs. Some of these may evolve into effective, economical programs and are worth supporting with that prospect in mind. Others are likely to be most useful if viewed as laboratories to develop low cost, workable elements that can be replicated over a larger geographic area. Some countries are building incrementally from a core element toward coordinated national programs some years hence. The well-known pilot CADU project and

derived national Minimum Package Program (MPP) in Ethiopia provide examples. Phased with the gradual spread of the MPP, low-cost market roads, basic education, health/family planning programs and simple processing facilities (among other things) can move in to reinforce the yield-increasing minimum package as production, employment and local revenues increase.

A more practical approach for AID in many LDCs, however, will be to start with a commonly perceived and critical need (e.g., food, employment, health or learning opportunities) as an entry path from the LDC government to the rural poor. Beginning with a specific difficulty faced by the small producer and of interest to the LDC government (e.g., the timely provision of fertilizer for the farmer or of working capital for traditional local industry) the program would build out as constraints and opportunities become apparent to all, which they quickly will. (See Tab J for an illustration).

If use of "integrated" must persist, this could be called "incremental integration of rural development". We should be careful not to claim great expertise in the integrative aspects of this because much of this work is comparatively new to most of us, tools developed so far are only partially effective and solutions to many of the problems are site-specific. What AID can offer is good capacity to engage in cooperative problem-solving on a learning-while-doing approach.

Sector analysis and regional planning can be useful macro planning tools to help in the early identification of emerging constraints (e.g., inadequate demand or excessive distance to market) and suggest cost/effective

options to remove them. (Low cost rural analysis and feed-back methodologies can provide critical information on constraints felt by the rural poor that inhibit their acceptance of modernizing changes). Using the output of these analyses the objective needs of the developing system and the more subjective needs of the various local participants can be linked. Particular note should be made that the top-down and bottom-up linkage seems likely to promote the effective spread of low-cost health and education projects that can reinforce rising production and demand.

With regard to rural development programs that attempt from their outset to coordinate inputs in a number of sectors, the question is frequently posed as to whether we should urge pilot area or national programs. There are sufficient advantages and disadvantages with each as well as sufficient country differences that an either/or answer is unsatisfactory. Policy elements normally will be national. A national program in a small country may be no more difficult than a regional or district program in a large country. Political considerations may make regional concentration infeasible. (For such a case there are formulations to help a country have it both ways.) In large countries, if the internal political stress can be handled, focusing on a few experimental areas at the outset of multi-sectoral development seems the most sensible avenue. However, great care must be taken to avoid complex or costly approaches that cannot be replicated nationwide. Similarly most pilot projects should be viewed as multiple input experiments from which cost-effective elements can be drawn for nation-wide replication rather than as over-all models to be replicated. In a nationwide program we must be equally alert to regional variations and encourage very flexible national programs whose elements can be deployed in response to area-specific plans.

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Without question the LDC problem of coordinating inputs from different LDC ministries into a single rural area needs continuing attention. Similarly, AID needs to continue increasing the attention it pays to the practical coordination of our different technical offices and officers working within a country. The approach to this should be to help the sector experts comprehend: a) the relationship of their technical area to the system as a whole, and b) where their area can effectively reinforce the work of other sectors (or vice versa). Coming to understand these relationships and their operational implications should increase the impact of our assistance and go a long way toward making us a sought after source of technical help.

A PRACTICAL OPERATIONAL APPROACH BY MISSIONS

The AID field missions must shoulder the main burden of carrying out AID's new mandate. What do they do? How do they start or expand their efforts?

As Tab B makes clear, crop production and marketing, health, education and nutrition are among the relevant facets of rural development that can serve as entry points for USAIDs.

Whatever the route, the following major dilemma must be resolved. For a variety of compelling reasons it is imperative that AID develop, approve and begin carrying out rural development projects promptly. At the same time there is a universal shortage of good information on which to plan such projects with confidence. We can resolve the dilemma by adopting an experimental approach. In this we use the best knowledge we have now, learning more as we go and making needed alterations in the project as information increases and as results begin to appear. Therefore, USAIDs should be expected to provide as good diagnoses as can reasonably be made from available data as part of project planning and to identify areas of inadequate information along with plans to obtain the information. As part of this, each project should be linked to a simple, low cost rural analysis and feedback system. (See Tab E).

As they do now, field missions should call on AID/W and LDC analysts for assistance in utilizing the data available from sector analyses and the rarer regional analyses and rural area analyses for defining the target categories, understanding the system and identifying options.

There are as many ways of developing programs as there are AID Missions. One RLDC field mission report on its reprogramming effort is attached. In addition the following scenario of USAID actions in country X may suggest some approaches:

USAID/X has just signed an FY 75 loan/grant agreement with the GOX to provide assistance in one of the entry points discussed above. In this case the project helps provide a high yield, high protein seed/fertilizer/credit package. The project includes a rural analysis and feedback element.

It is clear to USAID/X and to some GOX officials that other elements of the rural system will need to be strengthened if the project is to be effective. USAID/X sets about in the following way to help the GOX and itself arrive at tentative conclusions regarding specific constraints and opportunities.

Starting with a broad, integrated rural development model (such as that sketched in Tab B) and using such outside help as is needed, USAID/X and GOX colleagues begin a series of discussions contrasting the situation in country X with the model, noting differences and assessing their significance. Informal assessments are carried on at the national level and in the region(s) and district(s) in which the food production project is to start functioning. Interested local experts in and out of government are involved to one degree or another. Existing analyses of IBRD and others are, of course, drawn on. AID/W guidance papers are read to strengthen USAID/X's ability to work with the conceptual issues.

(One or another ministry may have suggested new projects. These could be used by USAID/X as a basis for moving into the same sort of dialogue.)

As part of this dialogue USAID/X officers begin spending much more time than in the past in the rural areas, listening and exchanging impressions with district and village leaders and government officers and, unless told not to, with the poor people the new project is intended to reach. Out of such an extended listening, discussing and learning process, USAID/X and GOX officers gain improved understanding of the rural system, the main constraints on progress and the significance of the work we are assisting (i.e., what it can and can't be expected to do). USAID/X and the GOX officers begin to have some well-grounded conclusions about what changes in the approved project should be considered and about what

additional projects seem needed to ensure that AID's inputs result in effective outputs that will move the rural districts involved toward the purposes and goals the GOX and USAID/X are seeking. On the basis of this knowledge several FY 77 PIDs are drafted and approved with further guidance by AID/W.

As an outside expert begins, during FY 76, to help the GOX to set up the low cost rural analysis and feedback segment of the FY 75 food production project, there is considerable interest in the work among local social scientists and natural scientists.

USAID/X takes advantage of the opportunity to help set up an informal rural development analysis and information network in X.

USAID/X draws on the network and supports relevant rural research that Americans have difficulty undertaking. Local seminars and information exchange, stimulated by USAID/X, prove valuable for all concerned. As one spin-off they encourage needed inter-disciplinary and inter-ministerial links. USAID/X helps the network tie up with U.S. and other foreign centers of expertise, which enhances its vigor.

These activities add greatly to the store of knowledge in X about rural development and help to develop a consensus among opinion leaders about X's rural development issues and answers. In particular they help focus

attention on whether the poor are benefitting, the role of technology, what constraints in the system need greater attention and practical options for the GOX, USAID/X and other donors to consider.

As the FY 75 food production project gets well underway, USAID/X and the GOX find the greatest difficulty in getting participation by the small farmers. The large farmers and "progressive" small farmers use the new package; the largely subsistence farmers do not. As in most countries the GOX and USAID/X find that top-down delivery systems can be improved and the inter-related elements of the system assessed much more easily than the rural poor can be persuaded to participate in new ventures.

However, USAID/X and the GOX do find that the low-cost rural analysis and feedback segment of the food production project is getting information from the subsistence farmers about why they are not participating as producers. The feedback supports further dialogue and USAID/X and the GOX arrange for district level officers to learn from social scientists how to engage in accurate dialogue with the rural poor in ways that minimize the threat to each. Information and new perceptions lead to project reassessment. This results in changes in the project inputs and process. Utilization of the inputs begins to increase beyond the large farmer and "progressive" small farmer. In that way the rural poor begin to participate in the modernization process through an AID-supported project.

Very early in the process it becomes clear that a major constraint is the absence of effective district and village level institutions to provide efficient and trustworthy distribution of inputs to the farmers and to provide an acceptable channel of information to and from the subsistence farmers. USAID/X helps the GOX engage some of X's social scientists and administrative experts with a few U.S. consultants to address the problem. The analysts work with rural groups in the various areas of the country in which the project is operating to identify acceptable institutions that can evolve into what is wanted or to help the local people and local officials develop an experimental new institution. The institution is designed to function with maximum benefit and minimum threat to all concerned, including national level officials. Rural poor participation is substantial. This is a very sensitive undertaking. USAID/X finds that while it needs to exercise prudence in what it suggests (even procedurally) it needs to be bold in insisting that the matter be addressed as a key problem.

After some months pass and as the food production project begins to pick up speed, health constraints begin to be felt as sustained work becomes more necessary for farmers to take advantage of production opportunities. USAID/X and UNDP (WHO and ILO) begin working with the GOX with traditional health practitioners and with rural people to assess specific problems and design low-cost health systems to extend to the project areas.

As participation increases and feedback becomes more accurate, the central GOX approval mechanism becomes clogged with district level requests for funds, changes in plans, etc. Some decentralization of operational decisions becomes clearly needed. At the same time the district level infrastructure needs begin to mount. USAID/X agrees to provide consultants to help the GOX assess whether a regional planning approach to deal with these problems should be experimented with in one or two regions in which the food production project is particularly significant.

During the initial dialogue in FY 75 and early FY 76 (which compared country X conditions with a theoretical rural growth model) it seemed probable to the GOX and USAID/X that lack of off-farm purchasing power would form a constraint on farm production increases greater than 25%. Subsequently USAID/X arranged for consultants to help the GOX analyze increased employment opportunities in several rural regions in which the basic project is operating. This has resulted in experimental, learn-as-we-go FY 77 project assistance in expanding sources of working capital credit needed by very small producers in market towns to expand their production, employment and purchasing power.

As these early assessments reveal, constraints outside of the initial project sector (i.e., health constraints to increasing agricultural manpower availability, lack of off-farm purchasing power to buy increased crop production, information constraints on reaching nutrition strategy goals, etc.) further short-term analyses by GOX and USAID/X identify projects to help deal with them. In areas in which AID has access to problem-solving competence (U.S. or LDC), USAID/X consults with other donors and then develops project proposals where they seem to make sense. In this way USAID/X helps the GOX build an integrated rural development program between 1975 and 1978 via a series of practical increments starting with a basic FY 75 project which responded to a widely recognized problem.

As part of this multi-sector assistance, USAID/X and UNDP provide assistance to the GOX in coordinating the different sector inputs and assessing outputs against cross-disciplinary rural development goals.

During this period of development of incrementally integrated rural development programs in X, USAID/X and the GOX find that there is a low financial absorptive capacity in the early stages of most of the projects. USAID/X stands firm against pushing money beyond the absorptive capacity of the rural poor, arguing that expanded funding will force the project managers to concentrate on the more affluent to get the resources absorbed.

As a consequence, the U.S. aid level will drop sharply if USAID/X concentrates entirely on such projects. USAID/X and the GOX fill the gap with an employment creating labor-intensive rural works program that begins to reduce the present and potential constraints in village and district level transportation, irrigation and pure drinking water supply.

The following airgram excerpt reports on an actual USAID effort in one RLDC.

SUMMARY: This message addresses the topics posed in reftel concerning efforts to conform the development assistance program in Country Y to the new legislation. Part A discusses the genesis of what we in USAID/Y call the "program turnaround," including the phasing out of projects which do not conform to the legislation, the development of a new assistance strategy, and the joint development of new projects. Part B lists and describes the portfolio of projects which we believe conform to both the letter and intent of the new legislation. For reasons which will be clear after a reading of Parts A and B, the Mission has made no attempt to document the convergence of USAID-assisted projects upon a particular family. Unambiguous evidence of direct impact on people on some substantial scale -- the fundamental goal of the new legislation and our program turnaround -- may develop as early as the FY 77 CP, but certainly not later than the FY 78 CP. END SUMMARY.

PART A. PROGRAM TURNAROUND

There was a change of government in Y in 1973. In the subsequent six months, the GOY concentrated its energies on reshaping the government bureaucracy and developmental priorities. The new President articulated the goal of uplifting the rural people who had, for the most part, remained untouched by past development efforts. During this same period there was, however, a general hiatus in project activity as the new Government reexamined the appropriateness of ongoing activities to the Republic's new goals. This hiatus and reexamination fortunately made it easier for the Mission to reconsider its own priorities. In the Fall of 1973, the Mission held its first internal discussions on the meaning and intent of the then pending 1973 FAA. The considered opinion of many of the staff was not surprisingly rather conservative and largely to the effect that the changes didn't make sense. Many of the staff articulated the view that a conventional continuation of efforts to provide basic capital infrastructure and more technical advice for broad institutional development -- whether such assistance was within or without the three functional sectors of the legislation -- was what Y needed and what the new government would accept.

In January, the USAID leadership, with the collaboration of the Ambassador and Embassy officers, initiated dialogues with key GOY decision makers on the general thrust of the new legislation. Since past U.S. assistance had been largely concentrated on capital infrastructure, considerable emphasis in these talks was placed on the fact that we would be unable to

provide such assistance in the future. Concomitantly, the USAID emphasized the apparent congruence of the GOY's new goals and the Congressional mandate particularly in the three functional areas of food and nutrition, population planning and health, and education and human resources development. Over the period from January to May briefing papers were provided to, and discussions held with, the President and Prime Minister, Deputy Prime Minister, the Ministers (and their Deputies) of Foreign Affairs, Planning, Agriculture and Irrigation, Health, Education, Commerce, and Mines and Industries and other heads of agencies (for example, the Presidents of Central Statistics and the Rural Development Department).

Reaching a common understanding with GOY decision makers on the implications of the new legislation for Y was a necessary but not sufficient condition for achieving a program turnaround. By late February 1974, the other necessary conditions appeared to be: (1) to build an intellectual consensus among USAID staff on the conceptual underpinnings of the newly amended FAA and how these concepts might be made to operate in the new bilateral projects; (2) a serious reassessment of the continuing projects to determine which ones fit or could be altered to fit the new legislation and to plan the phaseout of those that didn't; (3) to create a mechanism with the GOY for the joint development of new projects -- ones directly

related to the GOY's development goals and which would fit the new legislation; and (4) to develop a strategy to chart the course of the Mission's program over the next three to five years. Most of calendar year 1974 was devoted to these tasks.

1. Building a Staff Consensus

The USAID leadership decided to hold a full two-day seminar (March 26-27) for all Mission staff on the new legislation. Papers were written and presented on the historical background of the legislation, USAID staff interpretations of its meaning and intent, ways and means of operating under the amended law, analyses of the three functional sectors, and a proposed new Mission strategy. In addition, continuing projects were critiqued with respect to their functional fit and the directness of benefits to the poorest majority. The discussion on these matters was wide-open and sometimes acrimonious as the staff grappled with several very different hypotheses on how to achieve developmental impact in country Y. A staff consensus was not achieved at the end of two days but it can be said that everyone did finally appreciate that the new legislation is a serious challenge by the Congress to the Agency both in terms of the style and substance of our traditional way of doing business and AID's long-run survival. Since that time almost all of the USAID staff has accepted the new directions, albeit not all with enthusiasm.

2. Program Reassessment

In preparing for the USAID seminar, the Director had established a body called the Director's Advisory Council (DAC) whose purpose it was

to consider and recommend options for the program turnaround. The DAC had prepared the proposed USAID strategy paper and endorsed a tentative list of design criteria for "new look" projects. Following the seminar, the Director assigned the DAC the task of reassessing the whole program by evaluating individual ongoing projects and to provide him with recommendations on how the program turnaround should be accomplished. The detailed staff work for project evaluation was performed in each case by the direct-hire Project Manager and a member of the Program Office. This effort involved clarifying the project design, determining whether the Mission still had (or did not have) confidence in the project hypothesis, and assessing the project's actual progress in generating outputs and movement toward the achievement of the project purpose. In addition, each project was assessed in terms of the extent to which it met the priority functional sectors and benefit criterion of the new legislation and the extent to which the project helped the GOY to fulfill its own goals and priorities. Upon completion of this staff work for each project, a summary paper was presented to the DAC with recommendations for actions. In the final step the Director made program decisions based in most, but not all, cases on DAC recommendations; the design of a few projects was reaffirmed, some projects were redesigned and the remainder were scheduled for termination. This process was substantially completed by the end of May, 1974.

The project criteria, referred to earlier, which were developed by the DAC were of significant consequence in the joint project development task which followed. For this reason, and to illustrate the linkage between what the new legislation says and how it might be translated into project design and action, excerpts from the Mission's criteria are quoted here

below:

1. "Direct Benefits to a Significant Number of the Common People --
Large numbers of common people should be benefited. As a general rule this should not be a theoretical or potential benefit but rather a verifiable, tangible near-term benefit. The emphasis must be on getting benefits to the people rather than developing a bureaucracy; however, if bureaucratic capabilities are enhanced in the process, there should be a greater probability that the benefits will be sustained..."
2. "Realism and Simplicity -- (a project design must account for) the constraint of funds, USAID and GOY administrative capacities, and social, cultural, political and other factors."
3. "Observable, Well Defined Project Purposes and Progress Indicators --
The dispassionate observer...should be able to examine the evidence which is accumulating against the progress indicators and conclude whether the project purposes are, or are not, being achieved."
4. "Overall Returns on a Project -- should be relatively attractive, not less than, say, 15 percent..." as a target to shoot for.
5. "Self Sustaining Benefits -- The benefits directed to and received by the target group will continue beyond the end of the project."
6. "Mutuality -- Regardless of the means by which a project is developed it must, by the time of agreement on implementation, be something which is mutually desired. USAID will have a greater assurance of mutual desirability if the project is directed toward goals and priorities which the GOY has articulated."

7. "Sequential Programming of Inputs -- USAID inputs are made ad seriatim, after GOY performance has been demonstrated, to the maximum extent feasible (e.g. the fixed cost reimbursement method of financing)."
8. "Establishing Credibility -- This is the double edged sword wherein each party to a project must take the other seriously, plan and work collaboratively, and stay in step with the other. For the USAID and particularly in the case of a long standing project, establishing credibility anew may require some tangible demonstration (such as a hiatus between phases) that we do not wish to proceed sooner or faster than does the GOY."

3. Joint Project Development

The program reassessment and project-by-project evaluation had been a unilateral affair. It was therefore necessary for the USAID leadership to communicate the Mission's findings to GOY decision makers as well as to the Line Ministries. In the ensuing bilateral consultations, the GOY began to reveal the program areas for which, from its point of view, U.S. assistance would be welcome. These were the construction of local infrastructure projects through the Rural Development Department (and which would later form the base for an expanded and integrated rural development program), the expansion of the rural primary and village school system, the development of health service systems to reach the rural poor through a skeletal network of Basic Health Centers, a small-scale irrigation rehabilitation program, and rural electrification. In addition, the GOY's planning authorities endorsed the Mission's idea of a program of vertically integrated agrobusiness systems which would be designed to bring the flow of benefits from

an export market back to small farmer producers. The GOY was also interested in "nonformal education," and for support to increase the number of Family Guidance Association clinics. These project ideas were written up by the Mission for the FY 76 Field Program and Budget Submission.

Beginning in September 1974, the Mission and the GOY agreed to form committees for joint project development. This was done for the new projects which we propose to finance in FY 1975 and for which Project Papers are now being written: Rural Works, Rural Schools, the Basic Health System, and FGA Clinic Expansion.

4. Program Strategy

Also beginning in September, the Mission initiated work on its Development Assistance Plan. Underlying the DAP is an analysis of the relatively few successes and many failures of donor-assisted project activity in Y. The DAP offers a strategy or approach to development assistance which will be more suited to local conditions and the GOY's limited capacities as well as to the mandated new directions for AID. The Mission strategy and criteria for new projects developed in the spring, 1974, have been further refined. The main elements are as follows: (1) Simplicity -- projects must attempt simple and small incremental changes rather than the "great leaps forward," which invariably failed, previously desired by the GOY and encouraged by the donors. (2) Incremental or Gradual Project Development -- test out the project hypothesis in a pilot or experimental phase first, analyze the results and gradually proceed to full-scale implementation. (3) Direct Benefits for the common person. (4) Objective Results -- the results (e.g., new services, new infrastructure, improved income) must be unambiguously observable. Other important criteria and conditions are also articulated: USAID leverage and its use, progress reporting systems, the

use of the fixed cost reimbursement technique and the necessity of a firm attitude toward meeting commitments by both parties. In terms of time-phasing the new program, the social service projects in population and health and education will be initiated first to be followed by projects designed to increase the productivity and incomes of the rural people. This is not the Mission's desired sequence but rather an accurate reflection of the GOY's currently greater emphasis and capacity in the social service area. The priority for joint project development in FY 76 will be on rural income and productivity.

It is the Mission's internal timetable (explained in some detail in the draft DAP, Part I) for completing the program turnaround which best summarizes what has and will be done to conform U.S. development assistance in country Y to the new legislation. At the beginning of FY 75 about 30 percent of USAID Y's program, by value of dollar grants, conformed to the now emergent DAP and new legislation. By the end of FY 75 about 55 percent of the dollar grant resources will be so allocated, and by the end of FY 76 and FY 78, 65 and 90 percent, respectively, will be allocated to the new look. This will be achieved as ongoing, non-conforming projects are phased out and as the new projects are tested and then expanded.

The Mission believes that the project criteria we have developed are fully consistent with the letter and intent of the 1973 FAA. In Part B following, we describe the structure of the Mission's "new look" program. Graph #1 at the end of this section makes it apparent that the Mission has taken the 1973 FAA seriously and has laid plans to radically reorient its assistance activities. We believe this reorientation will be accomplished in two years or less. (Note: the process described above from the discussion with the GOY through project development as of May 1974 is exhaustively

documented in a five volume set of papers submitted to the Assistant Administrator on June 1, 1974.)

THE ARGUMENT FOR PARTICIPATION BY THE RURAL POOR

Many persons in and out of AID who accept the necessity for increased participation of the poor majority as producers of goods and services have doubts about their participation in planning and evaluating rural development activities. Is such participation really desirable and, if so, how do you bring it about? Among the critical points to keep in mind while seeking an answer are the following:

- 1) Sustained rural development seems likely to take place only if those rural poor who are not now participating as producers for the market in an LDC's rural modernization program become active producers.
- 2) There are many constraints perceived by the rural poor which make them reluctant to become producers for the market despite clear attractions.
- 3) There is much about these constraints that analysts and planners cannot perceive without good information from the rural poor.

The following line of argument is made regarding the conceptual desirability of participation:

"The essence of the participatory approach is based on the proposition that a person's motivation to achieve a particular objective (in this case to become active producers for market as part of a development program) is optimized under circumstances where one can:

1. Identify one's own needs and goals, with maximum reliance on one's own resources,
2. Plan how to meet the most important of them,
3. Have decision making power to call in the particular resources which one feels are appropriate to meeting one's needs,
4. Experience either success or failure of one's own planning as well as of one's physical efforts,
5. Evaluate the causes of success or failure, and
6. Feed-back the results of that self-evaluation into a new planning-acting cycle.

"Where such conditions apply to an individual in rural areas the individual is participating. (He/she also can be said to be operating in a problem solving climate rather than a dependency climate.)

"From a managerial viewpoint, this sort of participation is important. A participatory process of development generates much better information for decision making in the system as a whole. Thus the process of participation facilitates better planning and more effective resource allocation. Furthermore, the process of participation results in higher commitments to success and higher expenditures of energy and resources by the beneficiaries. Thus, in effect, a participatory process calls into being or makes available

to the development process resources which otherwise would be unavailable. Capturing these peculiar characteristics of participatory activity and exploiting them for the benefit of the development process is perhaps the most difficult yet the most promising and important of the new approaches.

"But just as overdoing 'top-down' planning can be damaging, overdoing 'bottom-up' planning may result in the misallocation of scarce resources. In any given case a balance must be struck between 'top-down' and 'bottom-up' approaches. That balance might be characterized as a system in which plans are developed at 'the bottom' and policies and technical administrative standards of performance are directed down from 'the top'. The plans move up through the system to appropriate levels of aggregation at which levels resources are allocated according to criteria known and understood by all participants. Both imply a substantial change in the distribution of decision making power. It also implies a much greater investment in helping beneficiaries learn to cope with their environment. But the management skills thus learned are the very essence of self-sustained growth and development." (The above is taken from the WGRP Overview Statement.)

A rural development consultant with years of experience had the following to say about the principle and practicality of participation:

"Personnel, both LDC and USAID, engaged in rural development projects often lament the fact that the rural poor do not take advantage of inputs, such as new technology, family planning information, and agricultural credit, proffered to them by LDC governments. A solution

to this problem advanced by the more perceptive RD personnel is to involve the poor in identifying the constraints that inhibit utilization and in devising ways of removing the constraints. This approach is, obviously, a great advance over the all-too-prevalent attempt to convince the poor to accept the inputs offered and to make changes in their behavior consequent to input acceptance. In fact, for national ongoing RD programs built around particular inputs, the suggested approach, sincerely engaged in by RD personnel and not as a camouflaged attempt to convince the poor to accept the proffered inputs and change their behavior, may be the best route to salvaging an up-to-that-time ineffective project (see Weisel's description of such a rescue operation in Kenya in the fourth year of a failing local project, noted below and described in Tab E).

"However, it should be obvious that RD personnel should begin, not with formulating prescriptive programs which are believed to be good for the poor followed by attempts to con them into accepting it, but with an attempt to understand the poor themselves, their ongoing social systems, their aspirations, their means and how these are used, their rationales for what they do including the risk levels which are tolerable to them, and what they believe is required to supplement their resources and the form and timing of such inputs. This 'poor-centered' approach, of course, is most applicable to proposed new attempts by RD personnel to help rural people in their development. But it can be applied in an existing RD project area by mounting a

study of the type described above parallel with the operation of the current RD efforts. When the desired insights are gained and a new program devised jointly by the poor and RD personnel, it may be put into effect in the following year. Thus, systematic study of rural social systems does not require that operational efforts be blocked until the study is completed, but that the program be redirected when the new directions become available.

"The poor-centered approach requires humility on the part of LDC and AID RD personnel, the humility to recognize that at best they can play only an auxiliary role in RD, that the real decisions are being made and are going to be made in the future by the people who will benefit or suffer from the consequences of these decisions. The poor-centered approach also requires more effort and more time and more expense especially before initiating a project. In this respect it is similar to the preparations necessary before building a dam to impound water. All of us accept the necessity of spending large sums to thoroughly explore the geology, the climatology, and other aspects of the physical environment of the proposed dam. We recognize that we are intruding into a complex natural environment and that a failure to thoroughly understand it can be disastrous. Thorough exploration of the equally complex environment of the rural poor before attempting to intervene in it will go a long way towards reducing the likelihood of failure and ensuring that government inputs will be used effectively for development. It also results in a growing respect for the wisdom and the

ability to cope with extremely disadvantageous circumstances which are the hallmarks of rural poor people everywhere. One no longer wonders why the poor did not accept proffered inputs, but, rather, why prescriptions were written before a diagnosis was made of the patient.

"It may be objected that this approach assumes that the rural poor want to change. After all, is not resistance to change their most apparent characteristic, one assigned to them by many of those who have considered and reconsidered the development process? I can only say that in every small rural society which I have systematically observed, there is manifest a desire to change to satisfy more effectively and efficiently their goals. Even the most remote tribe which I was able to find in Central Africa, had many unsatisfied wants and were disposed toward change which made sense within their social system of values and relationships. The same may be said for those villages which I got to know well in the altiplano of Peru, the plains of Pakistan and Bangladesh, and the rolling hills of Panama and the Dominican Republic. But, they will change only when we seek to understand them and devise with them a plan for accelerated change in their social system, including outside supplementary inputs which fit with their much larger inputs and which are offered in such a way as to utilize the existing strengths of their social system.

"It may be further objected that the poor-centered approach suggested is likely to fail because the power structure of local social systems is dominated by the non-poor or less-poor who will syphon off inputs

intended for the poor. Such sabotage has occurred in past RD programs and is almost certain to occur in any future made-in-the capitol RD program. The only hope for reducing to a minimum the upward trickle is to understand the local social system in which both the powerful and those with little power participate followed by inclusion of the less powerful poor in the planning for and monitoring of the distribution of outside outputs within the system."

With regard to how you bring about participation in evaluating and planning, there are a number of tested techniques that are well known to field-experienced social scientists available to AID. (See Section IVB4c and Tabs D, I and K)

Public meetings are one classic approach (made famous in New England) and the following report on that technique provides a useful example of impact.

Toward the end of a field assignment in a costly and generally frustrating Kenyan integrated development program an AID-funded evaluator recently reported "...the role of local participation, involvement, etc., is probably the most critical element to getting things moving. As an example, the credit barazas (public meetings) we have been holding ... are showing that such gatherings are: a) an excellent way to develop an effective two-way communication with farmers - the result being interesting results for us, e.g., these farmers have one hell of a problem with getting sufficient labor at peak times; b) the farmers are interested in projects -- just give them an indication that they can affect them and be involved; c) Vihiga

farmers will do things together. If farmers can select those with whom they will be involved there are a host of problems to which the group will be interested in seeking solutions. This insight may be the first reasonable counter to the long noticed lack of obvious institutional arrangements (clan, village, lineage) through which cooperative activity can be organized. It may be the beginning of an approach to get some impact out of this kind of program ...". Clearly all parties benefitted from that example of participation and rural development was promoted. (See Tab E).

As usual, a word of caution is in order. Like any effort involving many people, promotion of participation is bound to be slow, uneven and generally tough for LDCs to bring about. We know from experience that unintended, possibly disappointing consequences can result. Nevertheless, there are good examples of successful promotion of participation and the situation in most LDCs seems to call for a serious effort to gain the participation of the rural poor in program development if they are to participate as producers.

WAYS TO PROMOTE PARTICIPATION BY THE RURAL POOR

How one tries to promote participation by the rural poor depends in large part on the assumptions which one makes. Those assumptions which underlie the suggestions made in this section are as follows:

A. The rural poor in any locality are part of an ongoing local social system of production and exchange, or patterned relationships between families and persons and a complex of mutual rights and obligations, a system which is already achieving a large part of their objectives and is doing so within their means of land, capital and labor, their levels of acceptable risks, and in keeping with their norms of behavior.

B. Government projects are important elements but government agencies do not develop rural areas. Rural people operating within their social systems do most of the developing. Government agencies can help or hinder rural people by altering the larger context of development (taxation, export-import policies, etc.) and by the substance, form and timing of supplemental development inputs offered to them.

C. Those agencies of the government (or any other agency outside the rural social system), which would assist the rural poor to produce more and to achieve their other goals more effectively and efficiently, can do so best if it understands the present operating rural social system (and perceives the understandings of those who compose it) and then offers assistance which in substance, form, and timing fits the real input needs

of the poor as determined 1) by and with them and 2) by analyses of external realities (the conclusions from which are shared with the rural people).

USAIDs can assist their respective LDC governments to increase participation of the rural poor in both the process and the fruits of accelerated development in the following ways:

1. Linking to new projects a rural analysis and feed-back team with one or two well-trained, innovative social scientists or economists, to lead the work and to expand local competence to carry on. This could help in the following way. Through the variety of quantitative and non-quantitative approaches used by the analysis unit, the rural poor begin participating by providing information about the real constraints facing them. The local officials begin to pay attention to this feed-back as it starts to appear helpful to their success. They consult further with the local people. Then the local officials ask central government and USAID to agree to changes in project design. The changes strengthen the project and the communications loop; confidence all around begins to rise. More small farmers begin participation in the production programs. (See Tab E for an evaluative report of the actual operations of a rural analysis and feedback team in Kenya.)

The logical progression of work would be that through a variety of qualitative and quantitative methodologies the team would:

- a. Make baseline studies of local rural social systems whose poor the government proposes to assist in their development, as a means of

understanding how the system works and to help determine the substance, form and timing of inputs required of the government to meet the needs of the rural poor in the area:

b. Analyze periodically the effectiveness and efficiency of existing PD programs in providing inputs which meet the developmental needs of the poor and in ascertaining the constraints and opportunities which face them.

c. Using the knowledge generated in a. and b., assist the rural poor and the government and USAID planners to design assistance projects and to make such changes in existing project designs as are required to achieve the benefit incidence sought.

In this endeavor USAIDs may be helpful to LDC governments in a variety of supportive ways, such as:

i) Locating those LDC economists and anthropologists or sociologists who have been well-trained abroad but who may be presently assigned to positions not using their training, in order that they may be considered for assignment to the team.

ii) Providing U.S. social scientists to assist in the establishment and operation of the team, including instruction of team members in appropriate research methods, if needed.

iii) Augmenting the work of the team by enlisting qualified social and other scientists from the universities and other LDC entities

to provide analyses of operational problems and strategic issues as they surface through the analyses and studies conducted by the team, but which are beyond its competence or time resources to undertake.

iv) Arranging for the rotation of all USAID and host government RD and program personnel to the team as field data gatherers for periods of several weeks each to orient them to the social systems of the rural poor and to gain an understanding of how they cope with the real world and how they can be helped and not hindered.

2. Helping agricultural scientists to link their research to field trials by heretofore non-participating small farmers.

3. By becoming, in line with 1.(iv) above, really well informed about certain rural areas through listening and exchanging views with LDC scholars, local officers, traditional leaders and the non-participating rural poor. (Special skills and perceptions are needed for honest communication with most rural people. These need to be learned from local experts)

4. By using such knowledge to help strengthen local institutions and through use of LDC experts and adroit project designing helping them to evolve, with government agreement, into small-farmer controlled vehicles for local action (e.g., guarantor of loans to their poorest members).

5. By keeping continual watch on the benefit incidence of the projects underway and raising questions about project design as soon as the feedback begins to show that benefits are skewing upwards out of reach of the particular rural poor target group at which the project is primarily aimed.

Role of Women in Development

AID needs to work vigorously but selectively to help LDCs improve the role of rural women in development.

The basic proposition that all rural people should share in the benefits of and contributions to rural development is, I presume, accepted without question. The evidence to date shows that women have been left out of the production oriented development programs of most LDCs and that most donors have reinforced the exclusion.

One problem with this is that, in overlooking the ways that women must participate if projects are to succeed, AID officers are not getting the most out of either the U.S. or the LDC investment in rural projects.

This paper assumes that poor rural women should be included in production oriented development programs when analysis shows that their contributions are likely to be important and when they wish to be (as with men, this will involve family considerations) and that what we are seeking to promote is participation by both women and men in broad based rural development.

There is general agreement that LDC government officials and foreigners do not know very much about women's roles now and how to go about accelerating their modernization. However, poor rural women know a great deal about the farm work they do, when they do it, and what they would like to do instead. All we need to do is find a way to ask them, and take the trouble to do so. Chances for success in agricultural projects will no doubt improve considerably once developers follow this course as a matter of habit. For one multi-country field analysis (Africa and Latin America) has demonstrated that in a number of countries women have major roles in financial and

farming decisions as well as in food production and rural public works. We should not be surprised if similar inquiries in other countries reveal similar findings.

The principal focus should be on ensuring access for women to information and to modernizing inputs and a voice in designing rural development programs in areas in which they normally do part of the work or exercise a decisive decision-making role.

Beyond this LDCs may, of course, invite women to engage in nontraditional work in rural projects, based on their indicated interest.

The second important focus should be to learn more about the problems and opportunities for women in development and about divisions of labor and benefits in specific rural areas. These two foci should be merged so that we support action programs which include analytical elements so that we learn as we go.

A note of realism is needed here. AID officers (mostly men) are already facing tough problems and a heavy conceptual load in coping with rural development in general. This is one reason why there is some unconscious resistance in the system to moving forward with regard to women in development. Also, while it is changing, many AID officers simply are unable to take the issue seriously. In LDCs this is even more true.

As a practical matter, therefore, across-the-board field action with regard to women in development is going to come slowly. Given this, the most practical approach for AID seems to be to identify a few (say 5 to 10) promising rural development projects on which to concentrate attention to women in development for the next year or two while we learn how to help LDCs deal most effectively with the problems and opportunities in this area.

Paralleling this approach AID should be identifying and arranging access to talented U.S. and LDC women (and men) who are studying rural development and women's roles. We should have a deliberate program of including these people on project design teams for FY 76 projects and on FY/1976 DAP and FY/1977 project identification teams.

General guidance papers, separate research efforts, workshops, etc., should be supported when they seem likely to be productive, but we should avoid diffusing our efforts. As a practical matter support for the modernizing roles of women in rural development seems likely to come most rapidly from demonstrations of success with this approach in the rural areas of a few LDCs.

The February review of '76 projects should have, as one objective, the identification of projects that appear to have promise for including attention to women in development.

Obviously we should also select ongoing projects (such as the New Lands Development Loan in Bolivia) which have flexible new segments or phases conducive to women's participation on terms suitable to them.