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9. ABSTRACT
This paper reviews the experiences with rural development in a number of countries and examines major political and administrative obstacles to implementing the new directions in development policy. It also identifies administrative prerequisites or components for growth-with-equity programmes and suggests a selective experimental programme of international assistance for achieving integrated development goals. Two preconditions for achieving redistribution are building political commitment and expanding national administrative goals. In developing countries the national government is generally the only entity capable of initiating, organizing, and guiding programs of the magnitude and complexity of integrated rural development. Without national political, administrative and financial support integrated development programs inevitably fail. Commitment to a complex program for transforming economic and social structures in rural areas, reallocating investments from primate cities, breaking the political bottlenecks to income redistribution, and consolidating local support for development projects must be strong if change is to be introduced and sustained. Two types of experimental lending schemes should be supported by international agencies. One would concentrate intensive technical assistance in agricultural production, integrated spatial development and creation of marketing and financial networks in those countries that have demonstrated strong political commitment and administrative support for growth with equity policy. The other would be a two phased experiment in the poorest developing nations where some political support exists but where administrative and financial capacity is low. The entire growth with equity strategy should be viewed as a complex social experiment to be approached through carefully designed, highly selective pilot projects.

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Political Commitment and Administrative Support

PRECONDITIONS FOR GROWTH WITH EQUITY POLICY**

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Development policy has shifted drastically over the past decade, from an intensive effort to increase Gross National Product to a complex strategy for generating economic growth with social equity. As the industrial promotion programmes of the 1960s faded, both international assistance agencies and governments in developing countries gave priority to expanding agricultural productivity, improving the quality of life in rural areas and ameliorating the plight of those living in absolute poverty. A growing number of countries now emphasize more spatially balanced and functionally integrated programmes focusing on rural modernization, extension of urban services and facilities to smaller cities and villages, and reallocation of investment from a few metropolitan centers to economically lagging rural regions.[1]

Fundamental shifts in priorities are reflected in national development plans. The Government of the Philippines, for instance, proclaims that 'no longer is maximum economic growth the singular apex of goals, equally desired are maximum employment, promotion of social development and more equitable distribution of income and wealth.' Rural modernization receives priority equal to urban industrialization. The 1974–1977 national development plan seeks to redress regional imbalances through '. . . the correction of policies which artificially favor a few select areas,' by combining physical, economic, social, administrative and financial programmes for development of rural regions and communities.[2] Similarly, Thailand's Third

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1The changing trends are reviewed in detail in Dennis A. Rondinelli and Kenneth Ruddle, *Urban Functions in Rural Development: An Analysis of Integrated Spatial Development Policy* (Washington: U.S. Agency for International Development, 1976).

2Republic of the Philippines, *Four Year Development Plan:* 1975–1977 (Manilla: Nationa Economic and Development Authority, 1973), p 307.

Economic and Social Development Plan seeks to balance national development, restructuring the economic system to reduce income inequalities by developing human resources and creating rural employment. Priority is given to accelerating progress in economically depressed regions, linking them to Bangkok, diversifying their economic bases by inducing agricultural and mineral processing industries to relocate in outlying areas, and strengthening interregional trade. The strategy also seeks to integrate rural and urban development within each region by coordinating agricultural and industrial production, synchronizing location decisions, concentrating public investment in smaller towns and cities, and investing in rural infrastructure, housing and educational and social services.[1]

The Economic and Social Development Plan of El Salvador, calling for government agencies to increase rural income and employment by expanding agricultural productivity, would also reduce overcrowding in metropolitan San Salvador by dispersing population, community services and productive activities to smaller urban centers. The plan foresees gradual improvements in intercity transportation systems, sanitation and utility services for rural communities and administrative structures in small municipalities.[2] In Kenya, where integrated development is a principal policy objective, the government proposes to select cities and towns for intensive growth, creating a framework of smaller towns and villages as rural service centers, and establish among them road, rail, air, energy and communications networks.[3]

Since the late 1960s, the World Bank, the US Agency for International Development (USAID), the United Nations Development Programme, regional banks and bilateral aid programmes have also struggled with the complex problem of promoting social equity with limited investment resources. USAID programmes aim to strengthen rural institutions, involve the poor in programme planning, increase and diversify agricultural production and integrate agricultural, commercial and industrial projects. 'One method of stimulating rural development and slowing urban-rural migration,' USAID policies declare, 'is the creation of market areas and market towns complete with services and amenities designed to make rural life productive and satisfying.'[4] World Bank policies would integrate functionally a wide variety of services, institutions and technical inputs needed to increase agricultural production. The Bank recommends combining, through integrated projects, those extension, marketing, credit and agro-industrial services required to commercialize agriculture; infrastructure such as feeder roads, communication networks and small

1See Phisit Pakkasem, 'Industrialization Strategies and Growth Pole Approach to South Thailand Regional Planning,' prepared for Seminar on Industrialization Strategies and the Growth Pole Approach to Regional Planning and Development (Nagoya: United Nations Centre for Regional Development, 1975), mimeographed.

2United Nations Development Programme, *UNDP Assistance Requested by the Government of El Salvador for the Period* 1973–1977 (New York: United Nations, 1973).

3Republic of Kenya, *Development Plan*, 1970–1974 (Nairobi: Government of Kenya, 1969).

4U.S. Agency for International Development, *Fiscal Year 1975 Submission to the Congress: Summary* (Washington: USAID, 1974), p 17.

power plants that promote labour-intensive industries; and education, family planning and other health services to meet the social needs of the rural poor.[1]

But despite drastic changes in development priorities, in most countries, rhetoric has outpaced accomplishments. After half a decade, neither assistance agencies nor Third World governments have fully operationalized growth-with-equity policies. Nor, more importantly, have they consolidated the political and administrative support needed to achieve a significant redistribution of wealth, increased income or more geographically dispersed development. In most cases the emphasis on social equity preceded policy and administrative reforms crucial for rural transformation. In most countries, governments have not seriously sought the difficult policy changes needed to promote redistribution. In some, entrenched interests and inadequate administrative capacity undermine equity programmes; in others, powerful elites and traditional bureaucracies simply ignore changes in national policies.

This paper, reviewing the experiences with rural development in a number of countries, examines major political and administrative obstacles to implementing the new directions in development policy; identifies administrative prerequisites or components for growth-with-equity programmes; and suggests a selective, experimental programme of international assistance for achieving integrated development goals. Building political commitment and expanding national administrative capacity, it is argued, are two elusive, but essential, preconditions for achieving redistribution. In developing countries the national government is generally the only entity capable of inititating, organizing, and guiding programmes of the magnitude and complexity of integrated rural development. Without national political, administrative and financial support integrated development programmes inevitably fail. National inputs must be substantive, extensive and continuous. Commitment to a complex programme for transforming economic and social structures in rural areas, reallocating investments from primate cities, breaking the political bottlenecks to income redistribution, and consolidating local support for development projects must be strong if change is to be introduced and sustained. Among the most important national inputs are high-level political commitment, support of national bureaucracies, and the willingness and capacity of ministries and international agencies to establish a set of complementary policies to reinforce rural development programmes.

Political Commitment

Political support for rural development is the *sine qua non* of strategy implementation. International assistance agencies recognize its importance and the fact that it is often an element missing in developing countries. USAID admits that 'a great gap remains between sentiment, rhetoric and policy in many nations' and that narrowing this gap

[1]Hans-Joachim Lell, 'Integrated Regional Development', *Finance and Development*, Vol 10, No 2 (June 1973), pp 23–25 and 38.

is a prerequisite to operationalizing policy.[1] The World Bank similarly contends that a 'strong commitment to rural development policies at the national level is required if the impact on the problem of poverty is to be effective and broad based', and acknowledges that . . . 'in some developing countries, present policies and institutional structures are so far from favorable to rural development that a policy shift could only follow major political change.'[2]

Political commitment involves a pervasive and sustained determination by the highest levels of leadership to achieve the goals of rural transformation, economic reorganization and social equity. Simple declarations of intent without strong measures for administrative reform are, at best, vacuous promises. But at the same time, experience indicates that high-level commitment must rest on a broad base of political support from government agencies, private organizations and local groups. Farmers must be able to sustain enough pressure on government to prevent the sabotaging of redistribution policies by elites and entrenched interests in national and local bureaucracies.

A broad base of political commitment is necessary for three reasons. First, where rural transformation has become a major priority in national development, strong political support was needed to articulate strategy in national policies, major legislative declarations and administrative orders. Political initiative by charismatic leaders and ideological movements has been a prime stimulant for rural development, especially in Asia and Africa. In India, Pakistan, Taiwan, Malaysia and the People's Republic of China, widely varying yet equally forceful political commitments prompted the reallocation of national resources to rural areas. In Africa, particularly in recently independent countries, nationalistic political leaders seized on the concept of rural development to consolidate tribal support and create a new national policy. As Cowan notes in his review of African rural development, political and ideological forces overwhelmingly influenced the scope and direction of rural transformation. 'If the party in power sees the need for rural mobilization as part of the programme of total transformation of society,' Cowan observes, 'the approach used to bring about rural change will involve different methods than if government sees its role only as that of providing favorable conditions within which the responsibility for progress lies with the individual.'[3] Thus, in Africa, political commitment and ideological preconceptions determined not only the extent to which rural needs were reflected in national policy, but also directly influences the com-

[1]U.S. Agency for International Development, *Implementation of 'New Directions' in Development Assistance*, Report to the Committee on Intergovernmental Relations on Implementation of Legislative Reforms in the Foreign Assistance Act of 1973 (Washington: Government Printing Office, 1975), p 4.

[2]International Bank for Reconstruction and Development, *Rural Development Sector Policy Paper* (Washington: World Bank, 1975), p 29.

[3]L. Gray Cowan, 'The Political and Administrative Setting for Rural Development', in F. S. Arkhurst (ed), *Africa in Seventies and Eighties* (New York: Praeger, 1970), pp 87–129, quote at p 88.

bination of elements included in programmes and projects and the '... distribution of opportunity extended to different groups within the rural community.'[1]

Second, political support is needed to ensure high priority for rural development objectives in routine administrative decisions. The continuous attention, indeed, the almost singleminded commitment, of political leaders is required to transform equity plans into programmes of action. The lack of political support in Sri Lanka, for example, aborted national attempts to initiate rural development. Kanesalingham points out that a succession of plans 'were generally not implemented – that they lapsed soon after their formulation...' simply because no forceful political pressures directed the allocation of resources and the machinery of government toward accomplishing policy objectives.[2] The structure of the political system – a parliamentary coalition of contending minority parties – could not sustain political support, and frequent changes in government left rural development plans in a state of continuous uncertainty, ignored by cabinet ministers, the bureaucracy and local government leaders and elites. On the other hand, partly because of the persistence of President Ayub Khan, Pakistan was more successful in launching an extensive rural development programme and in reallocating national resources to rural areas. Khan's commitment to the Basic Democracies Programme placed political support behind government actions to restructure the bureaucracy and organizational framework in rural areas, and to redirect the flow of resources to them.[3] Political commitment is required, finally, to break the barriers of entrenched interests preventing the redistribution of resources necessary for rural transformation. Mathur argues that, in India, 'vested interests already entrenched in the rural society and rising new agricultural classes have been mainly responsible for insulating the poor from the benefits of development. It has not been possible for the government to penetrate this barrier.'[4] Rural elites generally promote programmes from which they will benefit and block those likely to change the rural social or economic structure. By using political contacts at the national level, Indian elites can generally '... distort or twist the objectives of the programme as well as procedures for implementation,' and redirect the flow of benefits toward themselves. When distortion at the national level is not possible, they attempt to block implementation or undermine administrative agencies within the state and if that fails, elites provide temporary, superficial support and then undermine the programme in the villages. In India, Mathur contends 'the end result of all of this is that while pockets of development programmes are seen at the level of the elite, little change takes place at the societal level.'[5]

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[1] *Idem.*

[2] See V. Kanesalingham, 'The Impact of Government Policies and Programmes on Villages in Sri Lanka', in Asian Center for Development Administration (ACDA), *Approaches to Rural Development in Asia: The South Asian Experience* (Kuala Lumpur, Malaysia: ACDA, 1975), pp 63–166, quote at p 116.

[3] See Shahid Javid Burki, 'Rural Development in Pakistan,' in ACDA *op cit*, pp 167–224.

[4] Kuldeep Mathur, 'Administrative Institutions, Political Capacity and India's Strategy for Rural Development', in ACDA, *op cit*, Vol III, pp 1–62, quote at p 52.

[5] *Ibid*, p 53.

National planning, programming and organizational inputs

The very nature of integrated development – demanding a wide variety of administrative policy, financial and technical inputs – increases pressure on national government planning and organizational machinery. Such programmes are both technically and organizationally complex; substantive contributions from a myriad of governmental agencies must be properly combined and sequenced in order to be mutually reinforcing. Public as well as private organizations provide critical inputs. Both government and private institutions affect price systems and the availability of capital. Marketing institutions, extension services and research organizations influence the discovery, dispersion and adaptation of new agricultural technologies; banks, credit unions, cooperatives and other financial institutions control the flow of funds to both the project organization and rural beneficiaries of the programme. Transportation, transfer and storage firms control the distribution of increased production resulting from agricultural projects. '[It] is vitally important to expand the entire complex of services and industries required to achieve the higher production,' Clifton Wharton concludes from a decade's experience with the Green Revolution in Asia. "Any government or agency which distributes the 'miracle' seed but fails to provide the insecticide and fertilizer in the appropriate quantities when and where needed is courting political disaster. Unless these inputs are available and used, some local traditional varieties will out-yield the new ones".'[1]

The organizational complexity of a single aspect of integrated rural development can be staggering. The Agrarian Reform Programme of the Philippines, for example, established to improve land tenure, develop agricultural and physical infrastructure, strengthen local institutions, improve farm management and deliver technical training to farmers, required institutional cooperation among at least 16 major government agencies and coordination of financial resources from at least another 10 government or quasi-public financial institutions. Studies of rural development in 18 countries, evaluated by Uphoff and Esman, found that among those functions generally performed at the national level are: (1) overall national, sectoral and budgetary planning; (2) assessment of needs and requirements for rural development and preparation of ministry programmes; (3) collection of taxes used to support rural activities and the allocation of central government financial resources to local projects; (4) negotiation, acquisition and distribution of foreign aid to local programmes; (5) identification, planning and delivery of technical and functional services to rural areas (e.g., importing technology, providing extension, health, education and other social services), and construction of physical infrastructure, irrigation and other agricultural facilities; (6) planning and programming agricultural production for various regions within the country and for specific commodities; (7) control over the organization and operation of rural development programmes, and delegation of authority to subordinate implementation units; (8) provision of technical, administrative and supervisory personnel for training or

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[1] Clifton Wharton, Jr, 'The Green Revolution: Cornucopia or Pandora's Box?' *Foreign Affairs*, Vol 47, No 3 (April 1969), pp 464–76, quote at p 469.

participation in programme implementation; and (9) transmission or settlement of claims or disputes in rural areas.[1]

If projects are to be implemented successfully under organizationally complex conditions, national governments must provide five major sets of inputs: adequate administrative support through national ministries and their field offices, effective planning and programming procedures, a stable and adequate flow of national budgetary resources, organizational capacity to coordinate and implement programmes, and decentralized administrative arrangements.

Administrative Support

The commitment of administrative support, even to clearly defined, high-priority development programmes, cannot merely be assumed. Indeed, ministries and autonomous agencies often block implementation of rural development programmes, or, by providing only passive support, seriously delay their progress. Problems in obtaining administrative commitment can arise at a variety of points in a programme's life cycle: during initial decisions regarding its establishment, in translating broad development policies into operating programmes, in obtaining resources, approvals and general cooperation from operating ministries during programme execution, and in evaluating overall performance.

Experience with the Kenya Special Rural Development Programme (SRDP) is instructive, for after nearly two years of careful planning, the national bureaucracy delayed programme implementation and attempted to prevent it from obtaining needed financial and administrative resources. The cautiousness of senior staff at ministry headquarters about using SRDP as a vehicle for innovation not only delayed implementation but was reflected in the negative attitudes of field staff toward experiments which did not appeal to their own professional interests. 'The longer term results,' one observer notes, 'were a lack of direction and punch which made it difficult to break bottlenecks at ministry headquarters, particularly over the release of funds and the supply of resources.'[2]

In Lesotho, an agricultural mechanization programme (FARMECH) had to be carried out almost entirely by local government councils because national ministries would not provide administrative resources. The original plans of the Department of Local Government assumed that the Department of Agriculture and the Department of Cooperatives would support the project with financial and technical assistance, but as one analyst notes, '. . . neither of these supports materialized; it would appear that there was not sufficient unity of government policy for the intentions of the three departments to be coordinated before plans were drawn up or

[1]See Norman T. Uphoff and Milton J. Esman, *Local Organization for Rural Development: Analysis of the Asian Experience* (Ithaca, New York: Cornell University Center for International Studies, 1974), who identify these types of national inputs from 18 case studies of the role of government in rural areas.

[2]J. W. Leach, 'The Kenya Special Rural Development Programme', *Journal of Administration Overseas*, Vol 13, No 2 (April 1974), pp 358–65, quote at p 360.

held consistent while they were implemented. Furthermore, the technical departments had no professional interest in local government. . . .'[1] Instead, personnel in the national ministries, who felt that the Department of Local Government was attempting to encroach on their functions argued that farm mechanization was not feasible. The project proceeded slowly and 'had no help at all from other departments until the signs of its success were unmistakable.'[2]

National Planning and Programming

Because integrated rural development programmes are both technically and organizationally complex, and because their success depends so heavily on the political and administrative support of public and private institutions at the national, regional and local levels, strong central planning and programming are essential. Most studies of rural development emphasize the importance of establishing or expanding national planning capacity, for without central direction and coordination, disparate inputs will not be integrated to achieve national goals. Uma Lele's evaluation of rural development programmes in Africa notes that their '. . . multiple and, at times, conflicting objectives have rendered overall rural development strategy inconsistent and sometimes even self-defeating.' The role of government planning, she concludes, must therefore be to reconcile, . . 'the needs for growth as well as for broadening participation and of finding a coherent rural development strategy which is politically feasible and economically sound and can be implemented administratively.'[3]

But traditional forms of national macro-economic planning have generally failed to influence policy implementation or to guide development toward the goals of growth with equity. The weaknesses of conventional planning in Kenya as described by the World Bank's Economic Mission, are characteristic of the process in most developing nations. '. . . The emphasis in macro-economic planning has tended to be on the production of a published plan', the Mission notes, 'at the expense of the plan as an implementable programme of action. The private sector has been incorporated only peripherally; plans have had little project content; policy proposals are not always previously agreed upon; and plan programmes have been frequently discarded during subsequent preparation of budgets'. Neither political leaders nor organized interest groups actively joined in plan formulation, and . . . 'even the major operating ministries have not always participated fully in the preparation of plans or monitored the implementation of their own programmes.[4]'

[1]Sandra Wallman, 'The Farmech Scheme: Basutoland (Lesotho)', *African Affairs*, Vol 67, No 267 (April 1968), pp 112–18, quote at p 114.

[2]*Idem.*

[3]Uma Lele, *The Design of Rural Development: Lessons from Africa* (Baltimore: Johns Hopkins University Press, 1975), p 142.

[4]International Bank for Reconstruction and Development, *Kenya: Into the Second Decade* (Baltimore: Johns Hopkins University Press, 1975), p 387.

Experience with rural development in Africa suggests that although national planning must provide centralized direction, it must also admit a high level of decentralized analysis in order to account for local needs, constraints, values and opportunities for rural transformation and to consider in decisions the knowledge and information concerning the rural social system that is often available only within rural regions.[1]

General agreement exists among evaluators of national development planning that its value lies more in the process than in the generation of a plan. Swerdlow, for instance, argues that planning involves '. . . consciously developing a sequence of future actions to achieve specified goals,' and as such should be a continuous process of 'gathering, selecting and ordering information, of judging priorities and relationships and of initiating activities that lead to expected achievements.'[2] The application of analysis and forethought to problems of rural development, by major groups concerned with, affected by or needed to ameliorate the problems, would make the planning process a more effective instrument for gathering and guiding action. Conventional approaches to national planning are often ineffective in guiding rural development activities because they focus on national macro-economic forces rather than on the micro-economic, social, cultural and human dynamics that influence individual behavior and institutional change in rural areas. Weitz, analyzing Israel's experience with rural transformation, argues that 'the planning method required to accomplish the institutional changes which form the essence of development . . . [must] be geared, first and foremost, toward people, their potentialities and their motivations.'[3] In the Israeli programme, national planners considered the purposes of production in different types of agricultural systems, the characteristics of rural work schedules, sources of capital and income, the level of farmers' agricultural knowledge and skills, linkages between farm and market, as well as patterns of social interaction among rural people and government institutions.[4]

But macro-economic planning cannot be effective unless it disaggregates analysis and injects it into more precise and meaningful subplans directly addressing rural policy problems. A hierarchy of analytical functions must be performed including macro-planning that surveys major economic and social forces influencing national development; sector planning which determines the needs, constraints and potentials of specific elements of the national economy; and functional planning that attempts to deal with multi-sectoral, national problems such as employment expansion, urbanization, and manpower development. Programme planning, concerned with designing and implementing specific sets of activities for ameliorating functional, sectoral and national problems, must be supplemented with project planning that focuses on the identification, design, appraisal, organization

[1]Lele, *op cit*, pp 143–44.

[2]Irving Swerdlow, *The Public Administration of Economic Development* (New York: Praeger, 1975), pp 241–42.

[3]Raanan Weitz, *From Peasant to Farmer: A Revolutionary Strategy for Development* (New York: Columbia University Press, 1971), p 17[illegible]

[4]*Ibid*, pp 19–28.

and implementation of particular activities and investments for achieving programme goals. Rural development requires integrated planning and programming at each level.[1]

Thus, developing nations need additional planning capacity in order to implement equity policies, but not just more planning for the sake of planning. They need planning that balances centralized control with decentralized participation, a process that focuses on local conditions, needs and patterns of human behavior, combining appropriate and multiple levels of analysis, linked directly to implementation.

Budgetary Resources

A steady and reliable flow of national budget resources is one of the most important inputs for rural development. That financial support will be provided by the national government once it commits itself to a policy of rural transformation is too often simply assumed. But programmes, even when they have had strong political and administrative support, are regularly beset by a paucity of operating funds. The agrarian reform programmes of the Philippines, for instance, traditionally given high political priority by national leaders, have suffered annual budgetary shortfalls for more than a decade. Between 1965 and 1971 the Philippine executive branch released less than a third of the amount appropriated by the legislature for agrarian reform, the percentage of the national budget devoted to agricultural development actually dropped by 50 per cent in 1972, and inflation in the early 1970s steadily eroded the value of rural development allocations.[2]

Budgetary investments in agriculture may be low even in countries where agriculture is the most important sector of the economy, contributing the most to national production, and where the population is overwhelmingly rural. In Ethiopia, for instance, less than 7 per cent of central government expenditures go to agriculture. In Nicaragua, basically a rural nation almost totally dependent on agricultural production, the sector's share of public funds declined at a time when overall government capital and operating expenditures were increasing. Officials and field personnel of the agricultural agencies have never been able to provide even minimal services owing to inadequate budgetary resources, and many agencies must allocate as much as three-fourths of their annual allocations for salaries and wages, dividing the small remainder between operating and capital expenditures.[3]

The differences between amounts budgeted for rural development and the funds actually released can be enormous. In the Dominican Republic, for example, between 1966 and 1973, the percentage of the budget allocations released to the Secretariat of Agriculture ranged from a low of 36 to a high of 96 per cent, with

[1]Swerdlow, *op cit.*

[2]J. E. Rocamora and C. Conti-Panganiban, 'Rural Development Strategies: The Philippine Case', in ACDA, *Approaches to Rural Development in Asia*, Vol II, pp 267–68.

[3]US Agency for International Development, *Nicaragua – Rural Development Sector Loan*, Capital Assistance Paper, AID-DLC/P-2091 (Washington: AID, 1975), Annex V-C.

over $40 million withheld during an eight-year period.[1] Most executing agencies in the Dominican Republic were hard pressed to perform even routine duties because of financial uncertainties. 'Except for salaries, each budgetary allocation is obtained as a consequence of a lengthy justification process which results in project execution by fits and starts,' one observer concludes. 'Agency heads are forced to borrow from one project to support another. The budgetary resource flow process represents a significant constraint on development.'[2]

Among the most important budgetary problems facing developing nations are the lack of data and information on actual budgetary allocations to the ministries and agencies that implement development policy; long delays in allotted budget funds reaching provincial and local field offices because of inefficient disbursement systems; and, difficulties in obtaining non-personal services allocations at appropriate times during the fiscal year. In most developing nations, moreover, the lack of flexibility in fiscal procedures makes it impossible for ministries and field agencies to use allocated resources for innovative, contingency or unprogrammed expenditures. Financial management is hampered, in addition, by the failure of many line agencies to submit requests at the proper time, in standard format, and with adequate supporting documents, leading either to serious delays in receiving disbursements or to the refusal of budget authorities to consider requests; and by overly complex budget procedures established by the central government for submitting requests, especially for capital and equipment expenditures. Fragmentation of budget authority, and the ability of autonomous agencies, commissions and boards to shelter their budgetary resources through special funds and direct appropriations, work to the disadvantage of line agencies. Finally, the failure of budget authorities to release allocated funds to rural development ministries and field agencies in time to be spent by the end of the fiscal year, is an informal means of cutting their spending power.

Some countries are seeking ways to link more closely planning, programming and budgeting, to ensure a steady flow of funds to development projects and programmes; experiments that should be monitored and evaluated by international assistance agencies for their replicability. The Government of Nicaragua, for instance, is experimenting with Sectoral Planning Units within the ministries to monitor and control budgetary resources. The unit within the Ministry of Agriculture is directly responsible for multi-year planning, programme and project design, collecting and analyzing information to assist field agencies in the preparation of budget requests. The budget division assists public agricultural institutions to prepare and analyze their budget proposals, trains agency officials and staff in proper financial procedures, and advises the Minister on budget issues and on the allocation of resources from the National Rural Development Fund. The division is thus designed to play a major role in analyzing needed resources and ensuring disbursement to rural field units responsible for policy implementation.[3]

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[1] J. B. Robinson and J. M. Stone, *Agricultural Sector Assessment for the Dominican Republic* (Washington: USAID, 1974), p v–18.

[2] *Idem.*

[3] USAID, *Nicaragua – Rural Development Sector Loan*, pp 121–23.

Decentralized Administrative Structure and Coordinating Capacity

Two other closely related national inputs are needed to implement integrated rural development: arrangements for administering rural programmes at the subnational level, through delegation of authority to provincial, regional or district governments or through a system of field officers of national ministries; and an effective system for programme coordination and control. Because integrated rural development requires a variety of inputs from diverse sources, mechanisms must be established to guide the activities of organizations toward national policy objectives. Yet, at the same time, complex organizational interaction makes central administration and coordination difficult. Thus functions must often be delegated, both to increase their efficiency and to build the institutional capacity of local organizations. Uphoff and Esman, in an extensive analysis of local organization in rural development, evaluating 18 Asian case studies undertaken by Cornell University's Rural Development Committee, concluded that rural programmes in every country are the responsibility of a mixture of public and private institutions and that the complementarities among those organizations are as important to the success of rural development as the functions performed by each institution. 'While there are isolated instances of local organizations taking initiative, mobilizing resources and accomplishing certain development objectives, in most countries considered, the cumulative effects of such efforts has been negligible,' they report. 'What count are *systems or networks* of organization, both vertically and horizontally, that make local development more than an enclave phenomenon.'[1]

The implications of the Cornell Rural Development Committees' studies are that improving agricultural production and increasing the standards of living among the rural poor requires that central government and local resources be matched with those of private sector and political organizations; that improving service delivery and development activities depends on establishing and strengthening linkages among central, provincial, and local government and private organizations; and that linkages are established and maintained between and among organizations through continuous interaction and exchange of information and other resources. The studies also found that the mixture of organizational inputs for rural development from national administration, local organizations, private sector and political institutions varies widely from country to country, but in nearly all countries each type of organization performs some essential functions.

There are a number of channels for decentralizing administration of rural development – through central government, a combination of central and local government institutions, or cooperative government-private organizational arrangements. Programme evaluations, however, most often recommend decentralization through regional development authorities or through ministry field offices and provincial and local governments, with regional coordination by commissions or councils.

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[1] Norman T. Uphoff and Milton J. Esman, *Local Organization for Rural Development: Analysis of Asian Experience* (Ithaca: Cornell University Center for International Studies, 1974), pp 12–13.

Regions, as a base for decentralized administration and coordination, have several important advantages:[1]

i Regional decntralization allows rural development plans and programmes to be tailored to the particular needs of heterogeneous areas within a single country. Since regions differ widely in economic conditions, sociocultural traditions, natural resource endowments, physical characteristics and potential for development, regionalization of planning and administration permits consideration of unique areal characteristics;

ii Regions provide convenient units for analysis for disaggregating national development goals and targets for devising procedures and analytical techniques appropriate to each area's conditions and needs;

iii Decentralization of administrative functions to the regional level allows greater opportunity for participation in programme planning and project implementation by local groups that will be affected by development activities:

iv Regional administrative units have potentially greater opportunities to test innovations and to experiment with new policies in specific areas without having to justify those activities for the country as a whole;

v Regions provide a convenient geographical base for coordinating the activities of a wide variety of specialized ministerial programmes and projects in an integrated manner;

vi Administrative regions provide logical units for collecting and analyzing data and information needed to plan and execute rural development programmes;

vii A region is a suitable administrative area for monitoring, controlling and evaluating the effects of development projects and programmes;

viii Regional administrative jurisdictions can be effective channels of communications between central government agencies and local governments and for mobilizing local political support for national development activities;

and

ix Regions provide a convenient administrative structure for allocating government investment and operating resources to decrease inequities and spur the development of economically lagging areas.

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[1] See J. W. Durston, 'Regional Socio-Economic Development: A "Conceptual Framework",' *International Social Development Review*, No 4 (1972), pp 3–10; United Nations Economic Commission for Asia and the Far East, *Planning for Urban and Regional Development in Asia and the Far East* (New York: United Nations, 1971); United Nations, 'Regional Development Planning', *Economic Bulletin for Asia and the Far East*, Vol XXXIII, No 2 (September 1972), pp 1–9; United Nations, Department of Economic and Social Affairs, *Selected Experiences in Regional Development* (New York: United Nations, 1970); John Friedman, *Urbanization Planning and National Development* (Beverly Hills: Sage, 1973).

In many developing nations, regional decentralization is preferable to local devolution, both as a long-range means of coordinating central government activities at the subnational level and as an intermediate step in building the institutional capacity of local governments. But little attention has been given in the new development strategies, by either international agencies or national governments, to improving subnational administrative capacity. Regional planning is complex, and experience reveals as many failures as successes. To be effective, regional development agencies must expand their information collection and analysis capabilities. Strong political commitment from the national government should accompany a large measure of financial autonomy and administrative flexibility to respond to unique regional problems. In addition, such agencies must be staffed with well-trained and highly motivated people capable of dealing with local officials and farmers, and of coordinating the work of operating ministries within the region.

Ultimately, centralization must be balanced with decentralization in the administration of rural development programmes. The linkages and interactions needed to implement equity strategies must be created and strengthened over time, as Uphoff and Esman argue, through increasing specialization: public and private, national and local government organizations must perform those functions in which they have potential comparative advantages. 'Decentralization is not an all-or-nothing proposition but rather a matter of *kinds and degrees*,' they note. 'Put more generally, decentralization is best seen and implemented in terms of specific functions. Different rural development tasks are better handled at higher or at lower levels of decision-making, separately or in combination with other tasks.'[1]

National Policy Support

Experience with rural development programmes and projects over the past decade also clearly demonstrates that a single programme or even a portfolio of projects aimed at ameliorating rural poverty will have little effect. Success depends on the ability of the national government to orient major policies, clearly and deliberately, toward the goal of growth with equity, considering the impact of each on rural productivity, income distribution, and human welfare, and on the linkages between urban and rural sectors. National economic, social, technical and financial policies must provide direct and continuous support for the goals of rural development in order for individual programmes and projects to bring about structural change. The International Labour Organization's studies of Colombia, Kenya and the Philippines unequivocally show that a delicate balance must be struck in national policy-making between the goals of growth in GNP and those of attaining greater social and spatial equity.[2] Among national policies needed to support the new development strategies are:

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[1] See Uphoff and Esman, *op cit*, p 76.

[2] See International Labour Office, *Towards Full Employment: A Programme for Colombia* (Geneva: ILO, 1970); *Employment Incomes and Equality: A Strategy for Increasing Production Employment in Kenya* (Geneva: ILO, 1972); Starting in Development; *A Programme of Employment, Equity and Growth for the Philippines* (Geneva: ILO, 1974).

i *Land reform* measures that promote an equitable distribution of land ownership, with opportunities for rural workers to acquire enough land to support their families and to produce agricultural surpluses, while generally ensuring that individual landholdings are of an appropriate size to increase agricultural productivity;

ii *Investment incentives* to promote small- and intermediate-size industry, crafts and cottage industries, labour intensive manufacturing and processing in rural areas in order to absorb labour, while at the same time assisting those large industries that produce the intermediate and capital goods forming the economic bases of most larger cities;

iii Noninflationary *wage policies* that encourage and protect labour-intensive industries while assuring an adequate level of income for individual workers to meet their basic consumption needs, to maintain the consumption levels of lower-income groups threatened by inflation and to offer a reasonable opportunity for the lowest income groups to raise their overall standards of living;

iv *Price supports* for essential agricultural commodities that provide incentives for individual farmers to increase agricultural output, to experiment with new methods and techniques, to adapt improved practices and higher yielding seed varieties without fear of catastrophic losses in income owing to drastic price fluctuations;

v A progressive and equitable *tax policy* that allows reasonable levels of earned profits without concentrating wealth in the hands of a small minority of the population, and encourages redistribution of wealth in order to provide opportunities for advancement among the poorest elements of society without discouraging entrepreneurship among middle-income groups. Non-essential imported luxuries should be taxed at higher rates, with lower rates levied on essential consumption and production goods. Tax policies should not distort production decisions in favor of capital-intensive methods;

vi A strong *family planning* policy that seeks to reduce birth rates below potential rates of growth in production;

and

vii *A public works and social services investment policy* that provides basic levels of health, educational and other services appropriate for rural and urban populations and that ensures adequate physical infrastructure to encourage and facilitate, rural production. Public works programmes should hire seasonally unemployed agricultural workers, and encourage services and facilities to locate so as to build linkages between urban and rural centers and provide access to services and facilities to the largest possible number of rural people.

Without national policies promoting structural change, investment of scarce national resources and of international assistance funds in integrated rural development simply will not achieve growth with equity.

International Economic Policy and Foreign Assistance

Two other preconditions determine the success of integrated development policies: international economic and trade policies and international financial and technical assistance that support equity goals.

INTERNATIONAL ECONOMIC AND TRADE POLICY

Rural development is not entirely a national problem; many factors reinforcing and perpetuating rural poverty stem from adverse patterns of international investment and trade. Current policies often undermine domestic efforts to promote integrated rural development and to build an articulated spatial system linking together urban and rural places in a national economy.

Although detailed analysis of policy alternatives is beyond the scope of this discussion, among the actions that national governments must consider are: (1) Establishing and maintaining an appropriate currency exchange rate that both dampens domestic inflation and makes exports of agricultural and small-scale rural industrial goods competitive in the world market; (2) modifying import restrictions and tariff rates to protect vital labour-intensive industries serving domestic markets in their start-up periods, while allowing export industries to obtain, at competitive prices, the necessary raw materials to produce exportable finished products; (3) creating a favorable foreign trade climate that encourages international corporations to participate in joint ventures with local firms on a mutual benefit basis, and which through labour-itensive production expands jobs for local labour and managerial personnel, increases local technological and administrative capacity and broadens local labour skills to produce goods and services for export and domestic markets; (4) expanding export promotion programmes to widen foreign markets for new domestic goods and commodities produced in rural areas and in small and intermediate size towns; and (5) avoiding import substitution policies that protect high-cost, capital intensive industries, which commonly intensify income disparties by not using rural labour.

INTERNATIONAL ASSISTANCE

How national governments use foreign aid, and the willingness of donor agencies to be flexible and innovative in providing support, are also critical factors determining the success of the new development strategies. As the International Labour Office notes, '. . . foreign assistance from the purely quantitative point of view can be used either to assist in the structural change a country may have decided on, or to help a country to continue somewhat longer on an outworn traditional path.'[1] But unfortunately, lending policies have served to reinforce, rather than change, traditional trends. Much of the international lending to developing countries is characterized by the same features that have marked aid to Kenya: "There has been a strong tendency to concentrate on clearly defined and fairly large projects with high 'inaugurability,' considerable central urban bias, limited concern for distributional and social effects, and preference for little or no local cost financing," the ILO observes. 'Many donors have successfully tried to promote their own

[1] ILO, *Sharing in Development*, *op cit*, pp 293-94.

exporters and contractors, the consultant device sometimes being a means to this end. Little thought has been given to technological aspects, innovatory features and consequently effects on employment.'[1]

International assistance, as a supporting input for integrated rural development, must be modified to promote and encourage national governments to undertake policy reforms leading to structural changes in the economy. International assistance agencies following a more innovative and flexible approach could, for instance, provide short-term infusions of financial assistance ('ballooning' of aid) to countries undertaking major rural policy reforms that would mitigate the possible short-term adversities involved in change.[2] Aid could be used, as the ILO suggests for the Philippines, to help countries with severe current or potential food problems to build up 'buffer stocks' to relieve pressures on foreign exchange reserves during years with poor agricultural yields. The domestic funds saved by not having to import essential staples could be used to provide continuity in financing ongoing rural development reforms, especially in countries not self-sufficient in production and where budgetary stability is critical to the existence of fledgling rural projects and programmes.[3] Donors must evaluate those procedures which operate against their own and the developing countries' growth-with-equity strategy. Again, the ILO argues that 'just as it is necessary to narrow the gap between rhetoric and reality in terms of what governments say to their own people, so it is necessary to narrow the gap between what donor agencies say and what they do.' This involves, the ILO argues, eliminating preferred 'import content of projects only' policies, a willingness to finance local costs and to undertake programme and sector lending as well as to untie aid, permit local consultants to do feasibility studies and to consider alternative local technologies.[4]

Since many of the programmes and projects undertaken as part of an integrated rural development strategy are experimental, risky and complex, they require soft loans and grants in their initial stages. Increased use of concessional lending by major assistance agencies would greatly encourage developing nations to undertake more innovative rural development projects, and contribute to the relief of growing debt service burdens in the poorest Third World countries.

Conclusions

Indeed, the entire growth-with-equity strategy should be viewed as a complex social experiment to be approached through carefully designed, highly selective pilot projects. Two types of experimental lending schemes should be supported by international agencies. The first would concentrate intensive technical assistance in agricultural production, integrated spatial development and creation of marketing and financial networks in those countries that have demonstrated strong political

[1] ILO, *Employment, Incomes and Equity, op cit*, pp 573–74.
[2] ILO, *Sharing in Development, op cit*, p 396.
[3] *Idem.*
[4] *Idem.*

commitment and administrative support for growth-with-equity policy by enacting redistribution legislation and establishing the organizational infrastructure for delivering services and inputs to rural areas. Large-scale sectoral and programme loans – supplemented with specific technical assistance projects – would be made to the few countries able to manifest such commitment, allowing international agencies to test basic assumptions, technical requirements and organizational arrangements for integrated rural development under politically favorable conditions.

The second would be a two-phased experiment in the poorest developing nations where some political support exists but where administrative and financial capacity is low. In these countries, international assistance agencies should first focus on consolidating political support and then expanding administrative capacity. Assistance would be provided in drafting national policies supporting redistribution and structural change, promoting administrative reform, developing technical and managerial capability, establishing arrangements for decentralized administration and control, strengthening planning and budgeting procedures and tailoring external financing flexibly to meet unique national problems and needs. Only then would advanced technical assistance in agricultural and rural development contribute to growth with equity.

Experimental programmes in a few developing countries would allow a large enough concentration of resources to have a significant impact on reducing urban and rural poverty, provide testing sites for various combinations or packages of technical and organizational inputs, generate intensive experience essential for replication on a broader scale, and promote demonstration effects that might increase political and administrative support for integrated development in other countries.

Approaching growth-with-equity policy experimentally through a selective and intensive group of pilot projects in countries where conditions are favorable or where favorable conditions are most likely to be created, provides the only hope for transforming rhetoric into action. From the experience with rural development thus far, one conclusion is clear: Achieving growth with equity is not merely a technical problem to be solved by increasing agricultural output and rural employment. It is a complex social problem requiring fundamental changes in the social, economic and spatial structures of developing nations, for which strong political commitment and pervasive administrative support are basic preconditions.

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