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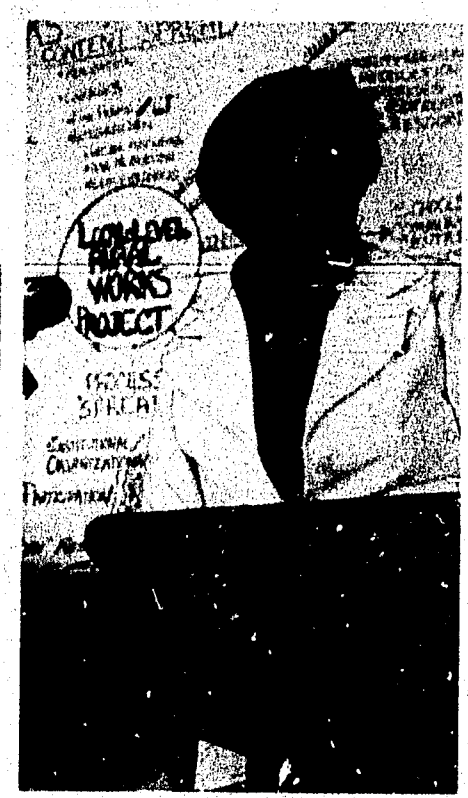
International Conference Proceedings

RURAL DEVELOPMENT IN THE 1980's

November 1979

Office of Rural Development & Development Administration (DS/RAD)
Agency for International Development
Washington, D.C. 20523


LOW-LEVEL
RURAL
WORKS
PROJECT

RURAL DEVELOPMENT IN THE 1980's

Executive Summary and Conference Proceedings

Report on the International Conference
November 1979
Shenandoah National Park
Virginia, USA

Conference Sponsored by:
Office of Rural Development &
Development Administration (DS/RAD)
Agency for International Development
Washington, D.C. 20523

Proceedings Prepared by:
Practical Concepts Incorporated (PCI)
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FOREWORD

In 1973, the United States Congress mandated the "New Directions" policy of development assistance. This policy states that development assistance should support host government efforts which improve the lives of the poor majority and increase their capacity to participate in the development of their countries. Since then, many bilateral and multilateral donor agencies have given greater emphasis to the design and implementation of equity-based rural development.

The Office of Rural Development and Development Administration of AID's Development Support Bureau (DSB) worked successfully during the late 1970's to establish a team of highly qualified rural development professionals within the Agency. They also mobilized many recognized U.S. centers of rural development expertise through a number of contracts and cooperating agreements. Early in 1970, DSB decided to initiate a substantive dialogue on both what is currently known about the rural development task and where limited rural development resources should be directed in the 1980's. DSB accomplished this by sponsoring an international conference among a broad cross-section of professionals from developing countries and from within AID, as well as from international assistance organizations, intermediary groups, and the academic community.

The four day conference was organized to address a set of specific rural development themes covering a wide range of current issues. The substance of the topics, the relatively limited time, and the broad mix of participants resulted in a Rural Development Conference that was dynamic and intensive. These proceedings capture the highlights of the Conference and serve as an invitation and challenge to the rural development professional.

Tony Babb
Deputy Assistant Administrator
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ACKNOWLEDGEMENTS

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We would like to thank Nancy Berge, Joanne Burns, Faythe Calandra, Sharon Yow, Robin Comfort, and Ute Maisel for their assistance during the Conference. We would also like to thank Bruce Fears of the Skyland Lodge, Shenandoah National Park, and his staff for their attention to the "basic human needs" of Conference participants.

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Marcus Ingle
Trudy Todd

Senior Editors
February 1980

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INTRODUCTION

The international conference on "The Challenge of Poverty: Rural Development in the 1980's" brought together developing country representatives, field practicioners, researchers, and donor agency personnel to review recent rural development experience and consider its relevance for future activities. A substantive dialogue was initiated in three areas:

- The art of the possible and the doable within the interdisciplinary rural development enterprise;
- The opportunities for and constraints to rural development presented by donor or developing country policies and institutions; and,
- The rural development issues requiring high priority attention in the coming years.

This was an unconventional conference in a number of ways. First, it was held in an isolated rural setting in the Shenandoah National Park in Virginia. The Conference planners felt that this setting would create an appropriate environment for pursuing rural development concerns. Second, the invitation list included individuals with a wide and varying range of rural development experience and professional credentials. Of the nearly 200 participants in the four-day session, 37 represented developing country institutions in 23 countries. An additional 39 participants came from 24 of AID's overseas field missions. The Conference was also attended by personnel from 15 intermediary organizations, seven international agencies, and many U.S. universities.

A third unique aspect of the Conference was its emphasis on an open and practical dialogue regarding the substance and process of rural development. The Conference stressed small, informal work sessions orga-ized around specific topics and issues. Many of the issues were formulated and distributed to invitees in advance of the Conference. Everyone was encouraged to submit brief "position" papers on salient issues of their choice. A total of 23 such papers were received and distributed at the Conference. In addition to the structured work sessions, considerable time was set aside for informal discussions of items of special rural development concern.

In presenting the proceedings of this Conference, we have tried to capture the unique qualities of its design. The proceeding follow the Conference process, incorporate the reports generated during the

Conference sessions, and, to the extent possible, reflect the tone of the presentations and discussions that took place. In many cases, these are not "polished" papers, but rather presentations of Conference participants who were attempting to address specific and immediate concerns as they arose. For this reason, the Conference Proceedings represent a "working draft" of rural development issues that deserve further attention and action.

The proceedings are divided into the following sections:

Part I	Executive Summary--a brief self-contained presentation of the Conference's key conclusions and recommendations.
Part II	Workshop Sessions--edited versions of the topical workgroup reports on technical, organization and mobilization issues, and specific recommendations for further consideration and action.
Part III	Cluster Presentations--transcripts of two panel presentations focusing on rural development organization and mobilization concerns.
Part IV	Special Session Reports--summary reports of the sessions on rural development methodology, special issues, and case studies.
Part V	Formal Presentations--transcripts of plenary presentations including the keynote address, a panel on alternative rural development perspectives, a speech and discussion of rural development intermediaries, summary remarks of the AID Administrator, and a concluding presentation.

The Conference sponsors are extremely encouraged by the enthusiastic responses generated both during and following the Conference. We are hopeful that the dialogue that was initiated at the Conference and reflected in these proceedings will be continued as we begin to meet the challenge of poverty in the 1980's. Your comments and reactions are welcome.

THE OLD AGRICULTURAL LAG*

by
Kenneth Boulding

I

Oh why does agriculture lag?
The answers are all in the bag
But the bag in which the
  answer lies
Turns out to have enormous size.

II

The ardent fertilizer buff
Thinks fertilizer is enough
(Such buffs, it's interesting
  to know
Are much produced in Buffalo).

III

Then some there are who argue
  that
The major culprit is the rat
And so encourage, far and wide
The massive use of pesticide.

IV

Economists, it's plain to see
All think that Prices are the key
For no economy will grow
With inputs high and outputs low.

V

Markets and competition now
Must be the hand that speeds
  the plow
Making, in one Rostovian leap
Corn dear, and fertilizer cheap.

VI

Some think the answer lies in Risk
Others, that land reform's the whisk
To brush away the blocks that bar
Development's immobile car.

VII

Some say, when growth occurs, what
  fed it
Is careful grants of shaky credit,
With Government to underwrite
The debts of those who fly by
  night.

VIII

For Anthropolotists, Tradition
Remains the major inhibition.
And peasants, oftener than we
  think,
When led to water, do not drink.

IX

With facts too many now to list 'em
The answer is a General System.
So what has got to be advised,
Is, "get the stuff computerized."

X

When scientists use common sense
They fall into mistakes immense.
It's better far to place reliance
Even on the softest social science.

XI

Hard work and saving a la Mill,
Is seen as far too bitter a pill
So comes the unimplemented
  plan--
What Mill cant, maybe Millikan.

---

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PART I: EXECUTIVE SUMMARY

Overview

The Agency for International Development's (AID's) Conference on "The Challenge of Poverty: Rural Development in the 1980's" brought together nearly 200 rural development practitioners for four days of discussion and assessment. The Conference, which was held in November 1979 at the Skyland Lodge in Virginia's Shenandoah National Park, was attended by representatives of 35 developing countries, international development assistance agencies, private voluntary assistance organizations, and members of the academic, research, and consulting communities. The purpose of the Conference was to initiate a dialogue on rural development experience and to identify key areas for action in the coming decade.

The Conference reconfirmed the importance of rural areas in development and the difficulties inherent in promoting and implementing rural development activities. It facilitated a consolidation of the knowledge that practitioners have acquired about the processes by which rural development succeeds or fails. While the dynamics of rural development are still not completely understood, participants were able to identify specific areas of inquiry that may lead to a more complete understanding of the rural development process in the future. The Conference dialogue was rich and intense. Out of its sessions emerged suggestions on new approaches to rural development and a draft action agenda for donor agencies and developing countries alike.

The Executive Summary presents the key conclusions and recommendations from AID's Conference. The first section provides observations about rural development in general, culled from the final two days of the Conference. It also reviews the results of the two cluster groups formed to consider production and income concerns and services and resources issues. Finally, the summary contains a detailed list of the Conference's findings and recommendations, drawn from intensive workshop discussions.

General Observations on Rural Development

A consensus emerged on the final day concerning several key points. First, the consensus suggests that rural development does not take place in a policy vacuum nor is it independent of infrastructure, urbanization, and human resource factors. Efforts to bring development benefits to the poor may require both structured (or "targeted") project interventions and the parallel initiation of efforts to influence national policy and local support.

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The second element of consensus indicates that effective rural development seems to depend upon the decentralization of decision making and the corresponding empowerment of rural people. This finding suggests that changes may be required in the ways most LDC governments and donors conceive, design, and implement development interventions. The Conference participants suggested that future development efforts should explicitly address the difficult issues of decentralizing decision making and setting realistic objectives. They should also focus on strengthening local capacity and improving the delivery of services to the poor.

The third finding is that rural development is inherently a multidisciplinary endeavor and demands the attention and active involvement of major social and technical disciplines.

In response to these findings, the Conference participants suggested the following specific recommendations:

- Local participation should be encouraged during the design stage of rural development efforts and extended into the monitoring and assessment stages. Although, this approach requires important changes in host government and donor procedure and policy, it can be expected to result in improved project implementation and a greater likelihood that the activities will be self-sustaining.

- Responsibility for implementing integrated rural development projects should be located at the lowest level possible given the availability of appropriate technical skills and administrative coordination. This should be at an administrative level capable of generating and allocating revenue.

- Donors need to look more closely at potential conflicts between the short-run costs and benefits and the long-run social benefits and burdens of alternative rural development activities.

- Donor agencies, including AID, need to decentralize and shorten the project preparation and review process so that less time occurs between project identification and the start of implementation. This shorter project preparation cycle will increase both the efficiency of available field personnel and the likelihood that persons involved in designing projects will be present for their implementation and evaluation. It also will facilitate host country and local participation in project planning and design.

Cluster Group Synthesis

The participants gathered in cluster groups on several occasions to share the information generated in the various Conference workshops and to

identify recurrent or cross-cutting themes. Two clusters were formed--one mainly concerned with production and income issues where private-sector households and enterprises constitute the primary decision makers, and the other concerned with infrastructure, service, and resource issues where public-sector agencies are the main decision makers. The key findings from each of the clusters are presented below.

Production/Income Cluster Findings

This cluster was composed of participants from the four workshop groups on: rural farmer and household production systems; rural financial markets; market access, pricing, and food distribution; and rural enterprises and off-farm employment. While the discussions within these workshops differed substantially, several cross-cutting issues emerged from the cluster deliberations at the end of the first day. These common themes included:

- Knowledge about the behavior and motivation of rural producers and artisans has been largely inadequate to predict their responsiveness to rural development innovations. Therefore, more individual-based information is required.
- Rural populations are not homogeneous. Large segments of these populations depend on non-farm activities to produce either part or all of their income.
- In spite of the strong desire to generate guiding principles, participants stressed the importance of accounting for specific local conditions (referred to as "site specificity").
- Rural development interventions frequently fail because the interdependence of key variables or factors is ignored.

On the second day the workshops in this cluster addressed several issues relating to the organization and mobilization of rural development. Despite the diversity with which they undertook their tasks, three common themes emerged, as follows:

- While beneficiary group participation in rural development programs is commonly viewed as important to success, the particular type and degree of participation should be carefully tailored to fit the context of the program.
- An increased awareness is required of the impact that national policies have on rural development efforts.
- It is important to identify appropriate organizational and institutional forms in support of rural development strategies.

Services/Resources Cluster Findings

The participants in this cluster were drawn from the workshop groups on: rural public works; providing social services; and developing natural resources.

On the first day of the Conference each of these workshops dealt with discrete substantive topics. Yet, it was recognized that services and resource related programs had several themes in common:

- Rural development project performance in this area largely depends on effective integration and linkage mechanisms. For instance, rural public works schemes are both affected by and impact upon the availability and management of natural resources.

- Several other factors also influence the performance of services and resource related rural development projects, including:

  (1) the form and nature of community organization;

  (2) the degree and continuity of political commitment and elite support; and

  (3) the local availability and quality of technical skills.

On the second day this cluster focused on the development role of local, decentralized organizations that seek to promote widespread beneficiary participation. Each workshop dealt with a series of problems and opportunities for using local organizations in their areas of concern.

While there was not enough time to reach general conclusions across the services/resources workshop topics, some general issues were emphasized:

- Local participatory organizations should be involved in the design and implementation of development projects. They should also have some responsibility for providing sustained funding to ensure a degree of independence from the central government and long-term maintenance of facilities. In some cases, local organizations may need to be complemented by intermediate institutions to meet project objectives.

- The effective utilization of existing local organizations and the creation of appropriate local institutions, where needed, may require longer time horizons than those generally specified by donor agencies and may call for more research and comparative studies to identify common problems and possible solutions.

- Local participation and decentralization also have some limitations that donors need to be aware of. Such projects need central government commitment and national policy support; however, where the central government's power is fragile and control over peripheral areas is uncertain, they may be unwilling to devolve power. The viability of local organizations depends on a broad set of factors, many of which may be inappropriate for donor agency concern.

- Some AID-specific concerns include fear that an overly strict interpretation of AID Guidelines may discourage the approval of projects that have positive effects on rural poverty over the long term, and questions concerning AID's ability to support strengthen, and build decentralized organizations.

Workgroup Deliberations

The key conclusions and recommendations of each topic workshop are summarized below.

1. Small Farmer and Rural Household Production Systems

   - Specific attention should be devoted to the impact of agricultural production projects on patterns of consumption, flows of income to household members, and the workload of women.

   - Rural development projects should focus on the rural household and not just farms. As part of their assistance to rural development efforts, donors should assist host governments in developing a capacity to evaluate the effects of macroeconomic policy alternatives on rural production and consumption.

   - The private sector of both developed and developing countries can contribute greatly to rural development. Donors need to determine what can be expected and how such benefits can be promoted.

2. Rural Financial Markets

   - Subsidized interest rates may sometimes be justified, but such subsidies have important negative effects on the operation and viability of rural financial markets.

   - Savings mobilization and credit distribution issues should be considered simultaneously and should receive at least equal emphasis.

- Rural credit programs should be tailored to the total needs and repayment capabilities of rural households and not confined to production and marketing credit.

3. Market Access, Agricultural Pricing, and Food Distribution

- Small private traders are key actors affecting the access of small farmers to marketing services. In addition, they are usually part of the poor majority. Priority should be given to further understanding of and direct assistance to these traders.

- Special emphasis in marketing interventions should be placed on improving local storage capacities and market information to producers.

- Assistance should be given to countries for managing food prices, overcoming regional and seasonal distortions and fluctuations, and reducing food costs to the poor. The full consequences of price subsidies, particularly on the nutritional status of the poor, should also be assessed.

- Every effort should be made to improve the efficiency of government marketing boards, and mechanisms should be sought for extending the competence of cooperatives to include the efficient marketing of food crops.

4. Rural Enterprises and Off-Farm Employment

- More experimentation and evaluation are needed to determine the most appropriate form for governments and donors to assist small-scale enterprises. This includes consideration of the off-farm employment aspect of various types of projects.

- Emphasis should be placed on assisting existing enterprises, especially those engaged in production and processing activitie

5. Rural Public Works

- The viability and appropriate design of rural public works depends critically on the labor supply situation in the area, the season, and the local availability of skilled and manageria personnel.

- Continuity of maintenance depends on local initiative in identifying and planning the project, contribution to its completion, technical ability to undertake maintenance, perception of the socioeconomic benefits of the infrastructure, and availability of a suitable organizational framework within the community for continued involvement.

- Rural works projects can be viewed as instruments of rural development through their substantive and process links to other rural development activities. Rural works are often appropriate first activities for community mobilization and for building local organizational capacity.

- Rural public works are a realistic way for governments to respond to local needs and desires. To maximize the benefits of such responsiveness, donors should find ways to let communities choose projects, finance smaller efforts, and allow decentralized decision making where appropriate.

6. Providing Social Services in Rural Areas

- Local groups should be involved actively in all phases of the provision of social services. However, such participation should be guided by a set of national policies and allowed to vary in form and degree with the requirements of particular stages in the delivery process. Bargaining between local communities and professional personnel over the nature of participation is a useful process to assure that local communities fully understand the choices before them.

- Social services should be designed so that communities can and will pay their operating costs, implement them effectively after donor programs terminate, and generate their own resources for supporting service delivery systems.

- Use of paraprofessionals should be encouraged as a means of increasing the scope and range of social services and providing avenues for local participation. Choices about appropriate terms of service for paraprofessionals, e.g., whether to pay them and whether they should perform one or a number of functions, should be based on knowledge of local circumstances. There must be integration of activities of paraprofessionals performing different functions.

- Decentralization to existing local organizations is a preferred approach when local communities are effectively organized, when decentralization occurs in a way that serves the objective of helping the rural poor, and when the extent and nature of decentralization is tailored to the requirements of particular circumstances.

7. Development of, and Access to, Natural Resources

- Organizations included in resource planning or use should represent the needs and concerns of beneficiaries as well as national policies and concerns. In general, there is a lack of intermediate institutions by which such planning and administration activities can be undertaken. River basins may provide an appropriate unit of analysis and organization.

- Resource planning issues must be viewed in a broad developmental perspective that reflects the links among the use of various resources and the links between resource use and production/income/survival objectives.

- Resource planning, especially where not regulated through market price mechanisms, requires adequate enforcement mechanisms and incentives. It also needs administrative support at the level at which resources are used and managed.

- Natural resource projects need more time than that usually set by donors. Sources of long-term financing are required to cover the gap between the private and social benefits of resource management.

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PART II: WORKSHOP PROCEEDINGS

INTRODUCTION

Workshop sessions were the core of the Conference. Thus these deliberations represent an important segment of the Conference proceedings and provide the data base on which many of the other Conference findings are based.

All Conference participants were assigned to one of seven workshop groups. These assignments were based on the preferences of each participant expressed prior to the Conference.

Seven workshop topics were selected through extensive dialogue among AID officials, contractors, and academics. Although the seven key-topic classification scheme was not judged to be entirely satisfactory, these areas appeared to provide an adequate vehicle for summarizing past experience and for generating conclusions and recommendations for immediate use in future programming. The topic areas were:

1. Small Farmer and Rural Household Production Systems
2. Rural Financial Markets
3. Market Access, Agricultural Pricing, and Food Distribution
4. Rural Enterprises and Off-Farm Employment
5. Rural Public Works
6. Providing Social Services in Rural Areas
7. Development of and Access to Natural Resources

The first four topic areas were grouped in one "cluster" corresponding to issues where private sector individuals are the primary decision makers. This cluster was referred to as the "Private Sector Issues" cluster. The other three topic areas constituted a second cluster made up of activities in which government is the primary decision maker, called the "Public Sector Issues" cluster.

Individuals remained in the same topic area group throughout the Conference. However, the tasks of these groups changed from day to day On Day 1, each workgroup discussed an individually tailored list of

"technical" issues aimed at consolidating rural development experience and research. For example, the Small Farmer and Rural Household Production Systems workgroup discussed how rural household consumption patterns relate to modes of household production. The workgroup issues were developed prior to the Conference. The issues were chosen based on their salience and the likelihood of systematic discussion leading to new insights. Brief papers were solicited on the various issues, and these papers were distributed to all participants.

At the end of Day 1 the workshops met in the two cluster groups noted above, reported to one another, and discussed cross-cutting policy and programming issues.

On Day 2 of the Conference participants returned to the assigned workgroups. However, their task was to discuss issues related to the "organization and mobilization of the rural development" within the purview of their topic area. Each of the seven topic area groups discussed the following three issues:

- What are the most effective ways to train and motivate community members to increase their participation in all phases of project activity? What mechanisms can be used to increase the control of rural development by community members and how? Can they be given greater control over project planning, implementation, and evaluation without jeopardizing project effectiveness?

- Can and should the role of decentralized planning be strengthened with respect to the activities relevant to your topic area? Why and how? What is the most appropriate agency or "unit of analysis" for this planning? What are effective measures to support and encourage the willingness of governments to decentralize?

- What is/can be/should be the comparative advantages of various governmental and non-governmental organizations as agents of rural development? How can these organizations best complement each other? What are the implications of your answers for public funding and for the administrative procedures of development projects, programs and donor agencies?

The groups reported back to the cluster sessions at the end of the day. Unlike Day 1, however, these clusters focused on the differences and similarities among the seven areas in dealing with similar organization and mobilization considerations.

On the third day of the Conference the seven workgroups each formulated a number of conclusions and recommendations based on their

previous deliberations. All groups attempted to answer the following questions as they related to their respective areas of concern:

- What activities and approaches should we be emphasizing or de-emphasizing?
- What are the most important changes that donors and host governments should be making in their organization and management to support successful rural development efforts?
- What areas of rural development activity do we need to learn more about and what are the most appropriate means for generating the new knowledge?

Each workgroup had 15 to 30 members. Clusters had approximately 100 participants each. In all cases, groups had appointed moderators and rapporteurs drawn from the ranks of the participants. The oral and written reports of these rapporteurs form the bulk of Chapters 1 through 7. Discussion within the workgroups was highly participatory on all three days. Each group generated a number of specific findings and recommendations. These are included in their entirety in the following chapters.

CHAPTER 1

SMALL FARMER AND RURAL HOUSEHOLD PRODUCTION SYSTEMS

Introduction

This chapter presents the workshop rapporteurs' reports for each of the daily deliberations. The focus of the Day 1 discussion was technical issues. Six substantive issues were presented to the Small Farmer and Rural Household Production Systems workgroup to guide its Day 1 deliberations:

1. What types of risk are small producers exposed to when they are drawn into the cash economy? How serious are these risks? What can projects do to minimize them?

2. What is the appropriate unit of analysis in studying production and consumption decisions by poor rural people?

3. Do we have useful methodologies for looking at rural production systems? Are results available now or will they be available in the near future? What are the implications of these findings for rural development strategy, programs, and projects?

4. How is consumption of rural households related to what they produce and how they produce it?

5. Are there improved agricultural practices, packages of inputs, or systems which are feasible for small farmers, and offer them high returns?

6. Should land tenure concerns be considered essential components of strategies to improve small farmer production?

Day 2 deliberations focused on organization and mobilization issues; Day 3 on specific conclusions and recommendations. The Day 2 and Day 3 discussion issues--which were the same for each workshop--are listed in the Introduction to Part II of these proceedings.

The workshop had the benefit of six issues papers prepared prior to the Conference by participants. These papers included:

- "Land Tenure Concerns in Strategies to Improve Small Farmer Production," Marion R. Brown, Land Tenure Center, University of Wisconsin

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- "Small Farmer and Rural Household Production Systems," William W. Burrus, AITEC (Costa Rica)
- "Do We Have Useful Methodologies for Looking at Rural Production Systems?" W.W. Shaner, Project Director, Farming Systems R&D Methodology Project, Utah State University
- "Small Farmer and Rural Household Production Systems Research and Rural Development Progress," Tom Zalla, Michigan State University
- "Incorporating Nutrition and Consumption in Farming Systems Research and Rural Development Progress," Tom Zalla, Michigan State University
- "Farming Systems Research," David Norman, Kansas State University

Day 1 Deliberations: Technical Issues

Our discussion mainly revolved around the role and utilization of Farming Systems Research (FSR) as a means of: (1) understanding the farm, the farmer, and his household; (2) the problems or opportunities on that farm; (3) needed research to solve production or other problems identified in the FSR process; (4) shortening the length of time required to produce needed technology; and (5) policy needs. It should be pointed out that FSR has been used successfully in understanding and solving production problems, but that it has not been tested for its use in "rural development" matters such as policy, institutions, etc.

We concluded that FSR could be useful in: (1) problem identification, (2) setting of research priorities for problems that severely limit agricultural production or farm performance, (3) project design, and (4) impact evaluations.

It should be pointed out that FSR can be used to work out what is practical and possible, and that it does not require "perfect" solutions. Since the farmer is an active participant in "downstream" FSR activities, he is given an early role in deciding what technology is appropriate and acceptable for his farm and household. Thus "downstream" FSR involves a level of participation of the farmer in technology innovation and testing far beyond that normally made available in most research systems.

The question of organization and process to be followed in FSR was discussed at length. It was decided that FSR is multidisciplinary and holistic in nature, and that a number of factors need to be

considered in its execution (production and management, etc.). The extent to which any or all of these will be collected depends upon: (1) the objective, scope, scale, and priority of the project or program in question; (2) resources (human and financial) available; (3) methodologies to be employed; (4) familiarity with the environment or area to be studied (research stations and experience of superior farmers can be excellent sources of information); and other factors.

It was pointed out that a minimum FSR team probably would consist of a social scientist and an agricultural scientist who would combine two major skills: (1) agricultural knowledge and observations; and (2) good listening and communications capability. This combination would insure that in addition to farm surveys in the social science sense, good biological and physical information would also be collected on the farm. In most cases the preference for the team was for professional host country nationals from the same ethnic group. It was pointed out that in Paraguay and Peru, farmers themselves (including those who were illiterate) were used successfully to keep farm records and to record required information. In this case, it was made clear that farmers should be considered as more than just respondents to questionnaires.

There are methodological questions and problems in FSR. These are caused by the multidisciplinary approach, the potential complexity of surveys which are not well defined and thought out, and the necessity for collection of large quantities of data.

Day 2 Deliberations: Organization and Mobilization Issues

Participation is a means of insuring that benefits accrue to the target population. Creating a local voice in the decision process includes a voice in providing information, sharing responsibilities and benefits.

There is a need to train extension agents to become agents of change while giving some village management skills to villagers. Effective participation will also require substantial lead time between the beginning of participation and the beginning of project field activity. Villagers will need funds with which to implement their ideas. It may be difficult, however, to induce participation at lower than a household level; i.e., it may not be easy to ensure that women are represented adequately and get their share of benefits. In general, giving more control to local farmers is important in order to ensure effective planning and implementation of projects and to ensure that increases in the welfare of the rural poor are sustainable.

Several ways to increase local control and participation in project areas were suggested: (1) look at the distribution of benefits before the benefits accrue; (2) use paratechnicians and have the village itself pay them as far as possible; (3) compensate those villagers who are losing income because of their responsibility for assisting others; (4) use farmers to disseminate information to other farmers on the radio; (5) develop a system of local taxation to provide revenue for local development projects.

Some attentir will also have to be given to the tendency of local elites to capr re control of local groups. Perhaps public work shops involving leaders as well as villagers in which rights and responsibilities are discussed would be an effective way to control this.

There is a need to ascertain the appropriate functions of central and decentralized units of government. Effective decentralization presupposes strong central support.

Decentralization appears most appropriate where egalitarian structures exist. These can control the tendency for developed areas or developed persons to grow at the expense of the lesser developed ones. Decentralization is a more positive move for countries with different ecological zones.

Effective decentralization requires the presence of adequate incentives for decentralization. Where the necessary political ideology is not present, the transfer of administrative burdens to local areas or the possibility of giving the center access to the resources of local areas may provide some incentive.

We need to differentiate the various forms of decentralization. We can have decentralization of planning, administration, technical review of projects, project monitoring, marketing, resource allocation, etc. If all these functions are decentralized at once there will be more work than present structures can handle. However, decentralizing only certain components risks disillusioning peasants, especially when decentralizing planning (but not financing) leads to very long periods between project identification and project implementation.

The question was raised as to whether, given the tendencies towards greater centralization in the developed countries today, we should be calling for decentralization in the LDCs. It was suggested that it is the demands of technology that push certain aspects of western political economies toward greater centralization. It is important to recognize that for some things, more centralization is necessary while for others, more decentralization is called for. Furthermore, investment decisions in western market economies are already decentralized via the private sector. In countries were a large portion of investment

resources flow through the public sector, decentralization brings local knowledge to bear on profitable or desirable investment opportunities. It was further suggested that functions which are dependent on scarce highly-trained professionals may need to be centralized. Those relying more on paraprofessionals may be more easily decentralized.

It was suggested that government alone must have final responsibility for rural development. Private Voluntary Agencies (PVO's) and Non-Governmental Organizations (NGO's) can support or complement large bilateral programs in very important respects, but the primary agent must be the government. In disagreeing with this point of view, a participant emphasized the need to differentiate between government as responsible and government as agent for development. In many cases, rural development would proceed much more rapidly if government simply got out of the way and removed policies which operate to drain surpluses from rural areas, such as cheap food import policies and pricing policies. It was accepted, however, that technical inputs, at least in the areas of research and extension, will continue to need the assistance of national governments. Governments can also help in planning and infrastructure development. The key is to make development resources available to local communities.

We discussed briefly the role of the private sector in providing technical inputs. There was disagreement over the success of efforts in this area with evidence supporting both positions being cited.

There was general agreement that incentives for insuring the successful implementation of rural development projects are seriously lacking. Few technicians and field personnel stay around long enough to see the results of their actions and to learn what works and what doesn't. Rewards within AID go for project preparation and design--pushing money--and not for project implementation. This should be corrected.

The relative emphasis to place on governments and NGO's is complicated by the presence of several tiers, each of which relates to rural development: international and national research institutions, universities, parastatals, local groups, etc. Linkages among these groups are very important and the amount of support given to each will influence their collective and relative impacts on rural development.

Some members of the group noted a reluctance of many international and national research centers to adapt technical packages to local conditions. There are few incentives in research centers as well

as within AID projects for doing farming systems research. These incentives need to be created since no backlog of technology exists for diffusion to small farmers.

National and sub-national research centers are being underfunded relative to international centers. Some adaptive research is being done in the context of ongoing AID projects, but one participant expressed the view that countries cannot build a national research capacity on projects alone. Donors need to direct attention to long term research programs spanning the several decades. Other participants expressed dismay that the group was again speaking to the question of farming systems research and felt the issue had been adequately addressed in previous sessions.

There was general agreement on the need to help countries develop their own capacity for evaluating the consequences of alternative macro-economic policies that affect rural development. This is probably the best way to influence those policies. Some of the major constraints, such as food pricing policies, may not be easily changed, however, even with this kind of information.

Day 3 Deliberations: Conclusions and Recommendations

The Workshop proposed an action agenda covering 13 areas:

1. AID Personnel and Project Review Policies

   a. To improve or exapnd its assistance to rural development projects, AID must increase its direct-hire field personnel and more carefully orient technical training of field personnel toward rural development problems.

   b. AID personnel policy should maintain field staff in one country long enough to achieve continuity and accountability for project implementation.

   c. AID needs to decentralize and shorten the project preparation and review process so that no more than six months pass between project identification and the beginning of implementation. This will both increase the efficiency of available field personnel and increase the likelihood that persons involved in designing projects will be around for their implementation and evaluation. A shorter project preparation

cycle also will facilitate more host country and local participation in project planning and design.

2. Donor Host Country Relations

a. Donors should be more resolute with countries that demonstrate by their actions a lack of commitment to improving the welfare of the rural poor.

b. Donors should coordinate their rural development activities more closely with each other, at least on an informal basis.

c. Donors need to quit viewing projects as their own and put more effort into helping recipient countries plan and prepare their own projects for dealing with the rural poor. This does not preclude the exercise of control to ensure conformity with the Congressional mandate.

3. Project Finance

a. In the poorer countries, technical assistance and the social component of rural development projects should be financed by grants rather than loans.

b. In spite of their limited ability to repay, and the long-term payoff on some projects, at least a portion of directly productive investment costs in these countries should be provided on a loan basis as a means of promoting project discipline. Participants from Africa felt as strongly about this as did American participants.

c. Donors need to put greater emphasis on more flexible, longer-term methods of financing. Simply lengthening the time period for projects will not provide sufficient flexibility for redesigning projects as they unfold and new information becomes available.

4. Approach to Projects

a. The impending food crisis in many countries dictates that projects which increase food production and policies which inhibit it be given greatest attention by donors.

b. The complexity of dealing with the rural household production consumption systems will require donors to marshall scientific, technological, economic, and other social science resources for the design and implementation of rural development projects. .

c. Rural production programs need to be more people-oriented. The impact of production projects on the nutritional status of household members, the work loads of women, and the flow of income to individual household members needs to be given more attention.

d. We need to focus on the rural household and not just farmers in doing rural development. This includes household and other nonfarm production systems in addition to farming systems.

5. Project Design

a. AID needs to involve host country personnel more deeply in project planning and design.

b. Rural development cannot wait for technical perfection. Donors need to incorporate experimentation and applied research into rural production projects.

c. Methodologies for developing and evaluating improved technologies exist but refinements are required to make this kind of research cost and time efficient.

d. Rural development projects need to be designed with greater flexibility during implementation because projects will need to be redesigned as they unfold.

e. AID should make greater use of Accelerated Impact Project funds to finance projects which are small in scope, limited to intervention, but oriented toward experimentation and testing of proposed interventions.

f. Responsibility for implementing integrated rural development projects should be located at as low a level as is consistent with the availability of appropriate technical skills and administrative control This should be at an administrative level which has a capacity to generate and control revenue.

6. Project Implementation

   a. AID needs to alter its incentive system so as to reward successful implementation. At present, most incentives reward "moving money" and securing project approval.

   b. Donors need to incorporate feedback and impact monitoring mechanisms into projects so that mistakes can be corrected and projects improved as they unfold. These mechanisms must be responsive and inexpensive. There is room for a great deal of creativity in this area.

7. Project Evaluation

   a. Donors should incorporate project evaluation as a regular part of the project cycle.

8. Research

   a. Governments of developing countries need the capability for analyzing the consequences of macro policies which impinge on rural development. Donors should finance projects which establish this capability where it does not already exist.

   b. There is a need to develop and test site specific production technologies aimed at rural households and farming systems. Farming systems research should be encouraged and supported at all levels, but especially at the national and subnational level in recipient countries.

9. Regional and Social Phenomena Concerning Project Implementation

   a. Donors need a mechanism for evaluating projects when it becomes apparent that similar projects already underway in several countries are likely to create significant negative regional impacts as each country pursues its own development strategy. The impact of salt water barrier dams on offshore estuaries and livestock production projects aimed at the same market are examples from West Africa.

   b. Donors need to look more closely at potential divergences between short-run private benefits and long-run social benefits of alternative rural development activities.

10. Nutrition and Consumption

We know that cropping patterns influence the adequacy and quality of food intake. The challenge to donors is to find ways of designing rural development projects so as to minimize negative nutrition impacts from changes in the composition and distribution of consumption due to changes in household production systems.

11. Women

Women contribute a significant proportion of total household labor and income and are important decision makers in rural households. The challenge to donors is to incorporate this knowledge in designing rural development projects so as to have a favorable impact on the welfare of women.

12. Participation

Participation is necessary for successful rural development project projects. This implies more active involvement of the beneficiaries in the process of project selection, design, implementation, monitoring, and evaluation. Donors need to alter their methods in each of these areas to allow for such participation and to insure that adequate representation of lower social castes, women, and landless laborers.

13. Role of the Private Sector

We believe that the private profit-making sector can contribute to rural development. Donors need to determine what can be expected and how such benefits can be promoted.

CHAPTER 2

RURAL FINANCIAL MARKETS

Introduction

Chapter 2 presents the rapporteurs' daily reports from the Rural Financial Markets Work Group. Focusing on technical issues, the following substantive issues were introduced as guidelines for the Day 1 discussion:

1. Is there ever a justification for subsidized interest rates?

2. Can the informal sector be utilized effectively to channel credit to small farmers and entrepreneurs?

3. Should development projects continue to emphasize credit or should the emphasis shift to savings mobilization?

4. In the absence of realistic interest rates is there anything we can do in the area of rural financial markets?

5. Where and how should rural credit be tied to short-term productive uses?

6. How can the performance of rural financial markets be improved in serving the credit needs of rural enterprises? How can it be improved in serving the credit needs of farming women and women entrepreneurs?

On Day 2 of the Conference, participants focused on organization and mobilization issues of Rural Financial Markets; on Day 3 conclusions and recommendations were formulated based on results of the previous days' discussions.

The workshop had the benefit of one issue paper prepared prior to the Conference:

- "A Critique of Traditional Agricultural Credit Projects and Policies," Dale W. Adams and Douglas H. Graham, Ohio State University

Day 1 Deliberations: Technical Issues

For purposes of time, the group narrowed the discussion to three (1, 3 and 6) of the six original issues.

Issue 1: Is there justification for subsidized interest rates?

In short the answer is "yes" for the following reasons:

1. To stimulate a desired economic behavior--for example, to increase production of certain crops for local consumption or export, or for the introduction of new technology;

2. To effect transfer of resources to poor; and

3. For other political considerations which relate to winning the support of small farmers.

The argument against subsidy came in part from Dr. Adam's discussion about the performance of low interest credit projects in various low-income countries. Though many of these projects were successful in establishing lending institutions, they did not, in fact, stimulate a viable rural credit market for small farmers.

Other negative aspects discussed were:

1. The supply of credit revenues coming from a subsidized program does not cover costs of operations.

2. The lower the interest rate, the more attractive these credits are to people who have greater knowledge and influence; the poor usually do not benefit.

3. Studies have shown that the borrowing cost for small borrowers is greater than it is for large borrowers.

4. Where there is low cost credit there is little incentive for private savings which adversely affects the supply of money for loans.

5. There is a need for additional studies covering the "transaction cost" of subsidized loans.

Issue 3: Should development projects continue to emphasize credit or should the emphasis shift to savings mobilization?

The consensus was that emphasis should be focused on both because they complement each other. Each situation will dictate its own demands with regard to this emphasis. The capacity for savings is there; however, others say no, that this needs more study.

Issue 6: How can the performance of rural financial markets be improved to serve credit needs of rural enterprises?

1. Examine entire rural financial systems; we tend to focus on credit institutions without consideration of the broader universe. Often times counterproductive competition is created among various financial institutions. If the problem was viewed from the broader perspective, policy change might be enough to affect desired ends.

2. Credit must not be viewed as an isolated factor, but as an integral part of a larger development process.

3. Greater attention must be given to shortening loan processing and approval procedures.

4. Examine the credit system to improve repayment rates.

5. It might help if we had a comprehensive profiling exercise in the project design phase to better understand farm enterprise needs and potentials--i.e., level of saving capacity, farm technology employed, natural resources employed for increased productivity, level of informal lending activity.

Day 2 Deliberations: Organization and Mobilization Issues

The group reached an initial consensus that it would be difficult to address directly the three issues in the context of rural financial markets. The opinion was expressed that it would be more profitable to review presentations of specific institutional approaches to meeting the credit needs of the rural poor and to attempt to glean from these cases specific points and generalities that were pertinent to each issue. A brief summary of each of the country-specific presentations is included later in this chapter.

Issue 1: Local Organization and Participation

One member of the group questioned the assumption that it is desirable to have participation in all elements of projects related to rural financial markets. The point was made that design of such projects, their management and evaluation, all involve some relatively complex technical questions where there would be little value gained from local participation.

There appeared to be a group consensus that there should be a much higher level of faith in the competence and honesty of the rural population. The point was made that the contrary assumption--which often is operative--leads to substantial add-ons and in project costs with little improvement in savings mobilized, credit delivered, and loans recuperated.

The question was raised as to what type of participation was, and was not, desirable. In this regard, the Bangladesh experiment provided some instructive examples. It was indicated that in the absence of significant community participation in specified areas of the project, there was little chance of achieving success. Among the areas of involvement proposed were: (1) assistance of local loan officers in planning loan demand schedules by carrying out the basic production forecasts (loan officers at the village level were often unfamiliar with agricultural production in the area and required village assistance in estimating what would be planted where, when, by how many people, with what input requirements); (2) assistance in filling out application forms; (3) facilitating communication to and from the loan official and members of the community; (4) reminding borrowers of repayments when due; (5) supervision of credit use; and (6) collection of base-line data.

The question of mechanisms that would enhance the involvement of the community in rural financial market projects raised two major points: (1) capital participation by borrowers would presumably enhance the quality and quantity of participation (see previous day's discussion of savings mobilization priorities); (2) limiting the group focus of satisfying credit needs alone was conducive to failure (only if the failure to repay loans was linked to curtailing other valued goods and/or services would the type of group cohesiveness and participation desirable be achieved).

Other points raised relative to the question included:

1. Local participation ensures a higher level of understanding of credit requirements further up the ladder;

2. Getting the savings/credit agency to the rural areas and bringing local "leadership" into the decision-making process; and

3. Savings/credit institutions can serve as vehicles to promote interest in and awareness of other development projects.

Issue 2: Regional and Area Planning

There appeared to be a consensus that degrees of decentralization were appropriate to specific types of planning and decision making (local participation in monetary policy might be a contrary example). It was agreed that local participation in planning would improve the identification of credit needs and the responsiveness of credit institutions to these needs. In the various country examples presented, all included some element of local participation (actual or planned) in some facets of planning.

One method of decentralizing planning that was suggested was the movement of savings/credit agencies as close as possible to the group served while at the same time co-opting members of that group in appropriate parts of the decision making process. There was no agreement as to whether the villlage, market, town, district, or other locus was appropriate for agency decision making; local conditions and related economies of scale would operate.

Issue 3: National Support Systems

The governmental versus non-governmental question focused on cooperative (non-governmental) and governmental financial institutions. This reflects the limited time in this workshop, rather than the variety of intermediaries that might participate in rural financial markets.

One point of view was that cooperative/private programs might be more responsive to the needs of membership because of closer physical contact, greater operational flexibility, and because they were more "sympatico" with the membership.

It was suggested that government financial institutions which focus on credit in rural areas seldom, if ever, include a savings mobilization component. Assuming that this saving is desirable, cooperatives that emphasize this objective might be desirable. (No formal reason was presented why governmental institutions could not mobilize savings.)

It was stressed that the total credit demand and other financial services far exceed the reach of the cooperative sector (or for that matter any single participant in the financial marketplace) and that government was likely to be a major participant because of the resources at its command. Assuming this to be the case, emphasis should be placed on relieving officials of some of the erroneous assumptions concerning interest rates and borrower behavior that currently inhibit such programs as well as helping to improve the management and delivery systems of such institutions.

It was pointed out that private, public, and cooperative institutions are often wedded to mythologies (see previous point) that are obstacles to effective programs and that whatever the focus of savings/credit programs--governmental or non-governmental--these mythologies would have to be erased.

Country-Specific Presentations

Bangladesh Experimental Credit Program

The program addressed by this project is the fact that institutional credit in Bangladesh does not reach the small farmer and rural community. At present only 10 percent of the rural population has access to institutional credit. The bottom 70 percent of the population has virtually no access at all to institutional credit.

The basic assumption underlying investment in the project is that the delivery of institutional credit can support high-yielding technology and therefore increases both production and incomes.

The Government of Bangladesh is going all out in experimenting to find ways of solving the problem. Ten institutions are involved, nine as lending facilities. These include commercial banks, an agricultural development bank, and cooperative banks. Each is challenged to develop innovative ways of reaching the rural poor. The focus of the project geographically is in 73 different areas served by the participating institutions.

All the institutions are experimenting with a number of variables including:

1. Varying interest rates. These range from 12 percent to 36 percent with the same institution offering loans at different rates in different areas. This should provide some important data on the effect of interest rates on demand, outreach to target populations, borrower benefits, etc.

2. Rates varying from 11 to 14 percent are being offered on savings (the degree of variation differs from that on loans in order to preclude capital flight from non-experimental areas).

3. Procedural simplifications have been developed and are being tested.

4. Experimentation is being done with decentralization of lending authority.

5. Some experimentation is being done with different borrower groups (i.e., lending to individuals, cooperatives, village banks, mobile "itinerant" banks).

6. There are variations in collateral requirements.

Initiation of lending commenced six months ago. A preliminary survey has been done of 200 borrowers to assess some of the initial results. Findings include:

1. Credit is reaching the rural poor. Of 200 borrowers, 75 percent fall within that category. Normal programs usually reach 15 percent of this population group.

2. Credit demand is high and there is little apparent difference in demand at different interest rates. Farmers do question the rate differential--i.e., they notice the social injustice of the wealthier farmers' continued access to 12 percent credit.

3. Seventy-five percent of the credit was delivered on time.

4. Seventy-five percent of the borrowers made two visits (average visit length two hours) to the loan office spending an average of half a day.

5. A significant percentage made five visits (up to two weeks of time in visits) to offices to obtain their loans.

6. Based on informant reporting only, the loans seem to be benefitting the borrowers. Fifty percent of the borrowers said that the loans benefitted them "very much;" 25 percent indicated "much" benefit; 22 percent indicated "some" benefit; 2 to 3 percent reported no benefit.

Negative elements of the project to date include:

1. Administrative delivery capability appears weak; disbursement is running at 30 percent of the volume/number of loans targetted. Loan officer motivation and ability both appear weak and their productivity is low. Estimates are that village outlets should be self-sufficient with 500 customers; actual productivity is about 25 percent of that figure Initial conclusions are that a combination of training, incentives, and local participation is required to increase productivity to acceptable levels.

   In this connection it was noted that in few areas committees had been established to help the loan officer with planning (see issues discussion), form completion, communication with borrowers, repayment reminders, credit use supervision, and collection of baseline data.

2. Repayment of short-term loans has been mixed. In the agriculture bank there has been a 50 percent delinquency rate; the other institutions have had 100 percent repayment.

3. The family farm loan program through the agriculture bank appears to be a failure and will be dropped.

Costa Rico: Junta Rurales

Junta Rurales were initially tried in 1914, but as the Banco Nationale was just being established at that time, they failed. They were revived in 1936 and still are operating as part of the state banking system. With 44 years of operation, they represent one of the oldest approaches to rural agricultural credit.

The junta rurales are like local offices of the national bank. They have three-man boards selected by the bank from the locality. While there is no iron-clad rule on their composition, the usually include at least one farmer and one person who knows most members of

the community. Each junta rurale has an agronomist employed by the bank assigned to it. He advises the committee on loans but does not decide.

There are 100 junta rurales which, with 50 local agencies of the banking system, cover the major portion of the country. The specialty of the junta rurales is credit for small farmers. Loan recovery rates through the junta rurales approximate 100 percent.

Initially the operation of junta rurales was subsidized by the national banking system; now the system is self-sufficient, although some individual units may not be. The government is now looking for ways to improve delivery of agricultural credit.

Tanzania Rural Development Bank (TRDB)

The TRDB operates through a decentralized system reflecting the planning approach of the country as a whole. The basic unit is the village, where individual farmers indicate credit needs which are discussed and approved by the village assembly. Administrative and technical reviews of village loans (the village is the borrowing entity) are done by regional loan committees and crop authorities. Depending on loan size, authorization is done at regional or national level.

Repayment mechanisms have been established with crop authorities that deduct loan repayment from payment for crops to the villages. The village charges the farmers a crop levy to cover their costs.

Repayment rates have not been high. The Bank was established in 1971 and rural people don't yet fully understand what it is all about. There have been problems of reaching villages because of seasonal impassability of roads, vehicle limitations, etc. In some instances the villages have money but loan officers can't get to them to collect the loans.

Jamaica Watershed Project

Four credit agencies serve the area: some banks serve small farmers with one to five acres; the Jamaica Development Bank serves larger farmers and agribusinesses; commercial banks serve large plantation enterprises; credit unions offer savings and credit facilities with credit going for a variety of needs.

The project devised a system of having representation at the bank level through committees of people from the project area who sit together with the credit agent and extension worker to advise bank management on loans.

The credit agent has practical and theoretical knowledge of agriculture and has received training in agricultural credit. When he goes to the farmer he sits with the entire family and prepares a farm family development plan. They agree on the nature/mix of the enterprise. Out of this information the total financing is estimated and a schedule is prepared for delivery of installments. The plan is reviewed for accuracy and technical soundness and then the committee sits with the bank management. The role of the local members is to reach a decision on the credit-worthiness or character of the borrower. This is done because few have the technical qualifications of collateral, etc.

The loans include funds to meet subsistence needs during the production period. The program is wholly directed at and does reach the poorest of the poor. The program to date has delivered 300 loans with a value of $65,000. Extensive adverse climatic effects have affected repayment of some short-term loans.

Day 3 Deliberations: Conclusions and Recommendations

Question 1:

What activities and approaches should we be emphasizing or de-emphasizing?

1. Credit programs should be initiated only when other goods and services such as inputs, technical assistance, and marketing are available or when efficient services will be provided either by the financial institution directly or in coordination with other agencies.

2. Savings mobilization is a fundamental function of rural financial markets. The problem of default is a function of whose money is being lent. Therefore, savings mobilization should be emphasized.

3. Subsidies to savings mobilization may be used effectively along with incentives to lenders to reach intended beneficiaries at a reasonable cost.

4. Subsidized inputs and technical services may be useful but there should be no attempt to cover these costs in the cost of credit.

5. Lending programs should be sufficiently flexible to permit reasonable repayment terms when uncontrollable events such as drought or weather damage affect ability to repay.

6. Rural credit programs should be tailored to the needs and repayment capabilities of rural households and not confined to production and marketing credit.

Question 2:

What are the most important changes that donors and host governments should be making in their organization and management to support rural development efforts?

1. Greater care should be taken to assure that research on rural financial markets be incorporated into the design of rural credit projects.

2. Programs should be more responsive to needs as perceived by small farmers and not designed by outsiders and imposed on them.

3. Donor agencies should work toward procedures for shortening loan processing and approval time.

4. Increased authority and responsibility should be delegated to donor representatives at the country level and serious consideration should be given to allocating funds on a country program basis rather than on a project-by-project basis.

5. Informational and reporting requirements may be excessive and may increase transaction costs. Therefore, every effort should be made to keep this requirement to the minimum needed to assure adequate monitoring and evaluation.

Question 3:

What areas of rural development activity do we need to learn more about and what are the most appropriate means for generating this knowledge?

Further information is needed on:

1. Benefits of credit at the household level. This would shed light on questions of what the small farmer can pay for credit.

2. How to get interest rate reform. What are the obstacles to achieving rational interest rate policy?

3. Analysis of diffusion and adoption of recommendations of 1973 Spring Review. Why have some been adopted and others ignored? What has resulted from those recommendations adopted? Case study analysis of financial viability (costs and revenues) of financial intermediaries.

CHAPTER 3

MARKET ACCESS, AGRICULTURAL PRICING, AND FOOD DISTRIBUTION

Introduction

Four substantive issues were presented to the Market Access, Agricultural Pricing, and Food Distribution Work Group to guide its Day 1 deliberations:

1. Are there ways to inject price subisdies without destorying market incentives?

2. What are the most effective roles for government and middle-men in improving marketing systems for small farmers?

3. Do producer or consumer cooperatives have negative impact on small farmers?

4. Are food aid and/or buffer stocks disincentives to production? How can disincentive effects be minimized? Are there feasible defenses against famine?

Issues relating to the organization and mobilization of Market Access, Agricultural Pricing, and Food Distribution were the focus of the second day. On the third day the Work Group produced conclusions and recommendations.

The workshop had the benefit of three issues papers prepared prior to the Conference by participants. These papers were:

- "A Marketing Project," Ronald Curtis, DS/RAD (AID)

- "Access of Small Rural Producers and Consumers to Marketing Services," John Lewis, DS/RAD (AID)

- "New Directions for Rural Marketing Programs," Rollo Ehrich, DS/ESP (AID)

Day 1 Deliberations: Technical Issues

The efficiency orientation of past marketing interventions was still judged relevant to the more commercialized sector of the economy. Failures of such interventions in this sector should be attributed to implementation problems.

For the remote, less-commercialized sector of the economy, novel foci of marketing project interventions were suggested:

1. Where as constraints on the small producer had received much attention in the past, it was felt that more attention to the needs of small traders who market for these farmers was justified now. Often poor and landless, these traders fall within the mandated target population.

2. Local storage facilities at the level of these small traders and producers was also felt to deserve more attention.

3. The possibility of group marketing organizations was considered worth pursuing even though there are questions as to whether or not the major traders are so monopsonistic as to justify formal co-operatives.

4. The improvement of market information systems was mentioned.

Specific features of producer organizations that affect the kind of market intervention that should be proposed in remote areas include:

1. The degree of indebtedness of producers to traders is a constraint to the ability to respond to price incentives offered by the marketing system.

2. The degree of landlessness of farmers affects his supply response.

3. Long-term subsistence uncertainties constrain supply response for nonsubsistence crops that compete with subsistence crops for land and labor. Adaption to such uncertainties often takes an organizational form as a closed corporate peasant community and, therefore, is difficult to quantify as part of a rational constraint on a more immediate supply response. Nevertheless, it should be taken into account.

Fostering the appropriate market linkage to the properly identified producer structure is a key objective. Trade-offs between support to private or public sector marketing channels were considered to depend on specifics of this producer's structure.

For over-riding political considerations, food self-sufficiency and low consumer prices are considered universally desirable. Subsidized production inputs and support to marketing costs are indirect subsidies that might not (in Korea apparently do not) stifle these incentives.

Day 2 Deliberations: Organization and Mobilization Issues

The group quickly moved to question number three, concerning appropriate governmental and non-governmental organizations in marketing. The question was posed: can the public sector manage a marketing system for basic foodstuffs? The quick answer was "Yes, but only with high administrative costs."

There were several strong statements supporting marketing boards. In Zambia, a marketing board for corn is considered absolutely necessary: 90 percent of maize is handled through the state monopoly. In Mali, the marketing board tries to control food staple marketing, and public law prohibits private traders from using roads. It was also reported that the official support price is too low. In West Africa, in general, marketing boards lose money and require subsidization from the state. While it was agreed that buffer stocks for price stabilization are necessary, it was recognized that political goals of control of basic staples is also important to governments.

From central government management, via marketing boards, alternatives for increased participation were explored. Village level storage systems were suggested but experience is limited. One system operates in Chad under the control of the producers. Village specific systems are considered necessary in Chad due to the lack of ground transportation during the rainy season.

Support for interventions aimed at small traders was discussed. It was suggested that farmer organizations of some kind are necessary to provide a competitive balance between producer and trader. The promotion of coops as marketing agents was discussed. It was suggested that coop development in Africa is especially difficult due to the scarcity of trained human resources. In the Cameroon, preliminary evidence on maize marketing by cooperatives in the north indicates that private traders are more efficient at quality control, especially pest control. This does not say that cooperatives do not have a role in the marketing of other crops. It was suggested that in general, cooperatives may be appropriate for commercial (export) crops but not for food crops.

A system in operation in Mali was described which is not called "cooperative development" but rather "village associations." The program is managed through the cotton marketing board. Villagers are encouraged to form an association and agree to three conditions: (1) all farmers in the village must agree to join the association; (2) all must agree to participate in a literacy program; (3) responsibility for credit must be assumed by the association, not by individuals. Villagers are trained to perform many of the management functions of marketing and the village receives a fee for these services. The fees can then be used to cover expenditures related to marketing and the excess used for village development activities. In Mali the program is considered a success with more demand by villagers to participate than can presently be accommodated.

Comments suggest that the program was working only because cotton, an export crop, was the focal point. It was suggested that the same system could not work for food crops.

The session closed with strong support voiced for human skill development as the key for peasant-controlled programs.

Day 3 Deliberations: Conclusions and Recommendations

Question 1:

What activities and approaches should we be emphasizing or de-emphasizing?

Market Access

1. Cooperative organizations have been generally successful for export crops but have failed for the most part as mechanisms for internal marketing of food crops. We need to evaluate past experiences in cooperatives for export commodities and apply the lessons to food crop marketing. Small farmer associations or groups are a highly promising means of providing marketing services to the smallest farmers.

2. Marketing boards are important institutions in the regulation of prices and movement of agricultural commodities in most areas, especially in Africa. They have significant problems in management, including financial management, accounting systems, inventory control and other operations.

3. Small private traders are recognized as key actors affecting the small farmers' access to marketing services. These services

tend to be undercapitalized, lack rudimentary management skills, and have only tenuous links to wholesale outlets. Identification of specific assistance elements must await further results. However, operational credit, training in management, and capital for infrastructure are likely to be part of an assistance strategy.

4. Other elements of a marketing strategy for small farmers which should receive emphasis include local storage and improvement of market information. Regarding the latter, it was noted that "hardware" technology, radios, etc., may have potential of high payoff in marketing efficiency.

Price Policy

1. Most countries need to manage food prices to overcome regional and seasonal distortions/fluctuations and to reduce food costs to the urban poor. Thus assistance in price analysis--increasing the governments' capacity to understand the full consequences of price subsidies--is a priority area of emphasis.

2. Prices are an important factor influencing the nutritional status of the poor. Price analysis and planning efforts should emphasize the consumption effects of price manipulation to avoid undesired impacts on the target population.

3. We should emphasize assistance in comprehensive long-term planning in food supply and nutrition for the 1980's, measuring nutritional requirements, establishing production targets, marketing infrastructure requirements, and resource needs to reach the targets.

4. External food aid is a disincentive to domestic food production in the long term. Food aid, used sparingly for emergency needs and highly selective development programs, should be emphasized.

Question 2:

What are the most important changes that donors and host governments should be making in their organization and management to support successful rural development efforts?

1. Training and technical assistance in management of marketing boards is critical, especially in Africa.

2. Small farmer associations for storage and marketing should receive priority attention, recognizing that these have tended to fail in the past when applied to food crops internally traded.

3. Planning units should have improved capacity to measure the nutritional impact of price policies and greater precision in tracing price policy impact on specific groups of producers and consumers.

Question 3:

What areas of rural development activity do we need to learn more about and what are the most appropriate means for generating the new knowledge?

1. Understanding small farmers' interaction with the small traders and the traditional periodic marketing system that serves them is a priority research topic. Topic areas include efficiency, linkages to other market levels, trading practices, credit and training needs, and infrastructure requirements.

2. Evaluation of past attempts at organizing farmers for marketing purposes is a critical need. Why have cooperatives tended to fail for domestic crops but be successful for export commodities?

3. The nutrition/consumption effects of price policies is a priority research area.

4. Detailed analysis of commercial outlets for new cropping opportunities is a continual requirement.

CHAPTER 4

RURAL ENTERPRISES AND OFF-FARM EMPLOYMENT

Introduction

The workshop reports on Rural Enterprises and Off-Farm Employment are presented in Chapter 4. Day 1 deliberations were based on the following substantive issues:

1. What is the nature, composition, and extent of rural enterprises?

2. What is the impact of the employment and services provided by rural enterprises on women and on the poorer members of the rural economy?

3. How viable are rural enterprises in general? Which types of rural enterprises are most viable? Why?

4. What are the main constraints on the rural enterprise sector? What can governments do to productively stimulate entrepreneurship in rural areas?

5. What is the nature of the demand for the goods and services produced by rural enterprises? In what ways does this depend upon the "stage of development" of the area? Does this suggest strategies for the introduction of enterprises in rural areas?

The Day 2 discussions centered on the organization and mobilization issues. The focal point of Day 3 was the Work Group findings and recommendations.

The workshop had the benefit of two issues papers prepared prior to the Conference:

- "Rural Enterprises and Off-Farm Employment," Samuel R. Daines, Practical Concepts Incorporated (PCI)

- "Rural Enterprises and Off-Farm Employment," Michigan State Off-Farm Employment Project Staff, Michigan State University

Day 1 Deliberations: Technical Issues

The question of the nature of the rural non-farm small-scale sector raises an initial issue as to the meaning of "rural." It was observed that the U.N. defines "rural" as an area which has a density of assemblage of less than 20,000 people. A more workable alternative is 5,000 people. It was emphasized that the mean involvement in such firms is two to four people, including the owner.

The firms are involved in a wide variety of commercial, trading, and manufacturing activities, predominantly the latter. For example, in Sierre Leone, 85 percent of manufacturing is conducted in the rural non-farm sector. Bangladesh showed 70 percent. Activities of this sector escape the usual kind of statistical survey. In Bangladesh an intensive enumeration revealed 20 times as many firms as recognized in official statistics.

Growth behavior varies widely among product and service lines. Overall, available data indicates 4-12 percent annual growth in employment.

In terms of assistance to project groups, the rural enterprise sector offers real potential. Both entrepreneurs and laborers come predominantly from landless rural people. The role of women varies widely among countries and, within countries, among product or service lines. In Honduras, for one line of manufacturing, 58 percent of the entrepreneurs were women.

In terms of potential for growth, we have, unfortunately, very limited empirical insights. International donors and national governments have undertaken relatively few assistance programs and, unfortunately, relatively few monitoring/evaluations have been made of these. But their potential viability, judged on several indices, is high.

Compared with the urban large-scale firms of approximately similar activities, the rural non-farm sector is substantially more labor intensive. An alternative formulation of this is that they are more economical in use of capital. Thus both employment and output per unit of capital by the rural non-farm sector exceeds that for approximately similar lines by the urban large-scale sector. Based on limited available empirical findings the rates of profit realized by many rural non-farm small-scale firms exceed that for large-scale urban firms.

The question was raised as to whether these higher profit rates imply exploitation of workers. In response, it was pointed out that the high profit rates do not necessarily imply worker exploitation.

It is recognized that even with these attractive profit rates, there is a relatively high turnover of the entrepreneurs. Some intensive studies, however, indicate the many business failures are due to non-business conditions, such as personal or family problems.

An important factor influencing growth prospects is the demand pattern. Obviously, as development occurs, even in the poorest conditions, demand for some products and services will decline, while for many others it will increase. The major source of demand for the output of the rural enterprise sector is from the farm population. This means the welfare of the rural non-farm sector is influenced substantailly by agricultural policies, although there are exceptions. Urban markets are also significant in the sector's demand, since the major products are foods, fibers, and building materials. Export markets can be important in particular instances, but often the realities do not justify confidence in long-run renumerative outlets. It is difficult to project or forecast demands for new or different products. Hence it is risky for international donors to become involved in such activities.

A question was raised as to the efficiency of small rural non-farm firms in producing fuels for urban (and other) uses. Charcoal and processed agricultural wastes were cited as examples. It was observed that these small-scale rural non-farm firms are relatively more efficient in their use of energy in processing and manufacturing.

There was limited exploration into possibilities for reoganizing rural activities so as to relieve women of some of their onerous tasks and give them opportunities for market involvements. At the same time, it was observed that it doesn't necessarily follow that increased monetization of activities brings improved general welfare.

Day 2 Deliberations: Organization and Mobilization Issues

The focus of the day's discussion was on the kinds of programs and projects for rural non-farm small-scale enterprise development that governments can or should adopt to address perceived constraints. It should be emphasized that relatively few projects have been undertaken to address this sector specifically and even fewer evaluations have been made.

Reflecting on the previous day's discussion, one member of the group urged that greater allowance be made for the contribution of somewhat larger firms than just the very smallest. He suggested

assistance in transportation to permit rural people to work in urban areas. Alternatively, measures could be supported to decentralize industry to rural locations. It was recognized that while these measures may have some merit, their overall impact would be determined by probable incremental progress of the multitude of the very smallest firms. Some participants expressed a view that the small firms have reached the saturation point. But because the numbers employed by them are still increasing 4-12 percent per year and profits are relatively large suggest there is room for further expansion.

Anticipating that technical and business guidance may be appropriate in many cases, the question arose as to how this should be provided. Serious reservations were raised over the possibilities for a government-supported extension service to deliver the guidance. First, there is the problem of developing appropriate specialists for the purpose. Second, there is the problem of financing them. Donors support credit and some other kinds of assistance, but in almost all cases extension services must be supported from indigenous sources, especially in the long run. Obtaining such funds can become a formidable obstacle. It was noted that having extension personnel working with small firms can enhance their technical competence substantially, just as in the agricultural field.

It was agreed that a number of government policies are obstacles to development of this sector. Among those identified are the following: industrial policies, various factor prices, exchange rates, tariffs, quality standards, marketing, infrastructure development, agricultural policies, and credit. There are also some important policy issues in terms of government organization and performance. For example, in most countries, ministries of industries (or equivalent) are charged with development of the sector. They are commonly staffed with civil servants with no experience in small business management. Another problem with old-line government organizations is that they are oriented to regulation and control and not to development. Their appearance at an entrepreneur's place of business may be deleterious.

Although there was agreement on the need for policy changes, there were major differences over prospects for donor assistance in the process. A few observers noted that even with financially-based leverage, little can be done by donors. A counterview was that with appropriately focused studies, especially if involving indigenous personnel, small but significant changes can and have been achieved. As the merits of these come to be appreciated, hopefully proposals for other changes will be more readily adopted.

A quick canvass of representatives from African countries revealed a wide array of assistance interventions. These include the industrial development centers of Nigeria which provided technical information and training on both processes and business management.

Information was provided by extensionists as well as in the centers. Other instances included NGO efforts to advise on business management which, incidentally, by an evaluation showed a negligible impact. In Tanzania, cooperatives and village groups have been supported with a range of results. In Latin America, the primary assistance has been via credit but technical assistance has been important in some cases.

One product for possible consideration by small enterprise is energy for use in urban and other locations. Wood products and agricultural wastes were mentioned as potential source materials.

The group generally favored more experimentation with alternative measures to assist development of the sector. But they urged more careful pre-project analyses and meaningful evaluations. It was emphasized that a sufficient time frame--up to 10 or 20 years--should be allowed to assess the impacts.

Day 3 Deliberations: Conclusions and Recommendations

The group split up into three smaller discussion groups in order to prepare for a final "committee of the whole" discussion of the following three questions:

1. What are the activities, projects and approaches to off-farm employment generation which should be emphasized or de-emphasized?

2. What organizational and administrative changes in donor, intermediary, and host country institutions would be most useful for increasing project effectiveness?

3. What issues or substantive areas remain which we need to learn more about?

In reporting back to the whole group the reporters from each sub-group were able to identify many areas under each of the above issues about which there was substantial agreement within the sub-group. There also existed areas of substantial non-consensus in the respective sub-groups. There was not complete agreement on content or on relative emphasis of the "best" response to the issues questions. Nevertheless, a certain amount of consensus emerged and, except as noted below, represent the agreed position of the group as a whole. No importance may be attached to the order in which the responses are listed below.

Question 1 Recommendations:

1. Smaller enterprises, including family enterprises and in particular labor-intensive ones, are where we should concentrate our efforts. While the interests of larger enterprises will normally be looked after by non-AID donors and the LDCs themselves, we should not ignore the potential beneficial employment impacts for the target group available through policy changes. Landless and farm workers must be in the target group.

2. Emphasis should be placed on directing assistance toward existing enterprises rather than attempting to create new ones. An exception is appropriate where a viable small enterprise sector does not exist. This was not a consensus view.

3. Emphasis should be placed on encouraging production/processing activities as opposed to commercial/trading enterprises, although exceptions may be desirable--especially if supporting small farmer development.

4. County-specific prefeasibility and analytical studies should be undertaken (in varying detail as dictated by circumstances) in advance of project design.

5. Intermediary organizations, including U.S. and non-U.S., NGOs, co-ops and pre co-ops, credit unions, and other organizations with other primary goals may be appropriate institutions for assistance delivery. Assistance to and use of governmental and quasi-governmental organizations may be appropriate according to circumstances. Attempts should be made to increase the consciousness of officials toward small-scale enterprises (SSEs).

6. Support enterprises should use locally available materials and appropriate technologies, particularly when appropriate technology is integrated into a larger package of assistance.

7. To expand demands, import substitutions and export promotion strategies may be considered in conjunction with other standard foci of SSE assistance.

8. Experimentation with new approaches should be increased, rigorously specified, monitored, and evaluated.

9. Rural enterprise development should be a vehicle for transforming women's role in the development process, particularly in non-traditional women's endeavors.

10. SSEs should not cause perversion of the self-help mode by substituting income incentives in lieu of traditional cooperative ones.

11. The policy environment must be understood, and consideration should be given to how to modify this environment for the benefit of SSE development. This is especially important in connection with the development of SSE assistance projects.

Question 2 Recommendations:

1. Identify, assist, or expand activities of institutions and programs which are determined to be delivering SSE assistance successfully.

2. Evaluation of AID's and other rural enterprise projects must be institutionalized. Other sector projects should be considered with respect to their off-farm employment impacts. This has implications for AID policy on infrastructure projects, among others.

3. All parts of AID--from AID/Washington to the field missions--should be more open to understanding this sector and to implementing SSE projects. Appropriately experienced personnel should be recruited or trained.

4. We should improve the climate for using NGOs to implement SSE projects, particularly for the smallest enterprises. Also AID should involve more host country nationals.

5. Development agencies should study and try to generalize from the experience of domestic "small enterprise: assistance programs such as OMBE, SBA, random community development programs, etc.

6. Priority should be given to more basic research on SSEs and consideration should be given to transforming research results into projects.

Question 3 Recommendations:

1. Determine how we can promote more private sector SSE-development activities.

2. Determine how we can best target our efforts on the poor.

3. Identify alternatives to small enterprise development which will increase income and employment opportunities for poor yet be consistent with AID goals and mandate.

4. Determine the most cost-effective assistance delivery mechanisms.

5. Determine the most effective way of identifying the nature of the demand for SSE assistance (e.g., credit, technical assistance, etc.).

CHAPTER 5

RURAL PUBLIC WORKS

Introduction

Four substantive issues were presented to the Rural Public Works group to guide its Day 1 deliberations:

1. Are labor intensive public works schemes cost-effective and/or managerially feasible? Is adequate labor supply available?

2. How can continuity of maintenance activities be assured?

3. Who are the major beneficiaries from labor-intensive infrastructure programs? How can these programs be targeted to the rural poor? What happens to local "employees" after the construction phase is completed?

4. What selection criteria and procedures can be used to ensure technical soundness, likelihood of ongoing maintenance, and maximum impact on mandate objectives?

Participants discussed topics relating to the organization and mobilization of Rural Public Works on Day 2. The following day they deliberated on specific conclusions and recommendations.

The workshop had the benefit of three issues papers:

- "Rural Public Works," Mary B. Anderson, Massachusetts Institute of Technology

- "Rural Infrastructure," Howard B. Helman, Organization for Rehabilitation Through Training (ORT)

- "Rural Public Works," Molly Hageboeck, Marcus Ingle, and Noel Berge, Practical Concepts Incorporated (PCI)

Day 1 Deliberations: Technical Issues

The working sub-groups raised a number of critical issues rather than reaching a consensus on them. The issues raised were the following:

1. How does one categorize rural public works in a useful way for both analysis and planning purposes? One suggestion was to distinguish between projects and programs. Another sought to distinguish rural public works on the basis of the scale of projects, for example: (1) self-help local, community-based projects, (2) large-scale W.P.A.-type, labor-based activities, or (3) equipment-based, vast projects on the order of activities planned and implemented by the U.S. Army Corps of Engineers.

2. Prior to the start of any project of a labor-intensive nature, an analysis of the labor supply is essential, as is the seasonality of that labor supply. Additionally, it was thought important to categorize the available labor-supply on the basis of technical and managerial skills. Although the bulk of the labor supply is likely to be unskilled in planning of a labor-intensive project, it is no less important to identify those elements of the rural population which possess minimal technical and managerial skills, so that they can perform an organizational and supervisory function in project implementation and long-term maintenance.

3. The utility of setting project site selection criteria was stressed. Some mention was made of the fact that often these criteria are elaborated to conform to donor agency requirements, rather than based on their intrinsic or development value. This issue was based on the assumption that there are a number of small projects from which to choose under conditions of limited resources and that such criteria facilitate decision making for national or subnational authorities. Different, more manageable, criteria may be needed at the local level.

4. A number of factors were considered important in order to ensure the continuity of maintenance activities. These factors are:

   a. The community's commitment to the project, by way of local initiative and participation in the process of identification and planning.

   b. The community's contribution in kind, or labor, to the implementation of the project, so that there is an investment or a sense of ownership of the project growing out of this communal activity.

c. The community's perception of the relationship between the economic investment (financial and labor) and the other attendant economic and social benefits.

1. The community's possession of the technical capacity to undertake maintenance activities or ability to obtain technical expertise from the outside. In this respect, one possibility is to involve the future users of new productive assets in the implementation phase so that they acquire maintenance skills through on-the-job training.

e. The community's need to acquire some more adaptive organizational capacities. There may be some need, therefore, for training in participation modes which may facilitate continuity in maintenance activities.

5. Regarding important factors in the political/institutional environment, the more salient of those pointed out referred to:

a. The ideological orientation of the government;

b. The need to reinforce sub-national autonomy or decentralization; and

c. The need to enhance community capacity in generating new financial and human resources.

Day 2 Deliberations: Organization and Mobilization Issues

Discussion grew out of consideration of the assertion that:

1. A rural works project is an instrument of rural development for other ends than employment generation or infrastructure creation.

2. A rural works project at a local level is an appropriate first activity for community mobilization and for building local organizational capacity.

The accompanying diagram, which illustrates the central role of local level rural public works projects, was elaborated as an aid in generating continued discussion of the issues (see p. 63--end of this chapter).

Several questions were considered critical and should be analyzed further:

1. What are the "lateral" impacts of rural public works projects? More work is needed on the interface between rural works and other rural activities that may flow from it.

2. What is the relationship between the local community and the external source of technical know-how?

3. To what extent should donor agencies facilitate funding of small projects? Experience in some countries indicates that it is now easier to start small in-country projects with local resources than to wait for the project submission and approval process to yield donor agency funding.

4. What sequence of events should be planned for during and after project implementation in order to ensure the institutionalization of a works' program?

5. How does one go about tapping the resource represented by existing traditional organizations as a means of implementing a works project?

6. Not all projects require site/project selection criteria. However, when situations call for these criteria, who is to participate in their elaboration? What is the mix between technical considerations (including labor supply) and community issues?

Day 3 Deliberations: Conclusions and Recommendations

The general consensus of the Workgroup is reflected in its adoption of the Summary Plenary Presentation which delineates several compelling reasons for making rural public works a high priority in AID's overall development efforts:

1. Employment is and will continue to be a central problem in the 1980's. Rural works address that problem in rural areas in two important ways:

a. Short-term employment during construction, and

b. Long-term employment on the farms and in the enterprises and community service facilities created or enhanced by the creation of infrastructure.

2. Mandate benefits for the rural poor are and will be an important AID focus. Rural works address that focus by aiming at four key benefits identified in the Foreign Assistance Act:

   a. Increased income and a greater equality of income distribution;

   b. Reduction of the rate of unemployment and underemployment;

   c. Increases in the agricultural productivity of land;

   d. Increases in the degree to which the poor influence the decisions that affect their lives, i.e., participation; and

   e. The benefits they create are those needed if development is to be self-sustaining.

3. Building local capability is a focal task for the 1980's. Skills, management ability and local organizational capacity are essentail for effective rural development. Rural works advance these capabilites in the rural areas:

   a. They build and strengthen local organizations;

   b. They foster community/local mobilization; and

   c. They initiate processes that can become self-sustaining and can be used locally to address other local needs.

4. Accountability is and will be an AID management issue. Rural works address this issue since:

   a. They create tangible assets;

   b. They can be managed effectively in substantial units;

   c. They are suitable for implementation by local intermediaries, PVOs, and other groups outside the direct hire framework; and

   d. They invite the application of our best hopes for participation strategies in design, implementation, benefit distribution, and the assessment of results.

5. Rural works can accelerate the development process. Not only are they one logical way to start mobilizing communities, but they also can be an entry point and foundation for:

   a. Agricultural development;

   b. Rural enterprises;

   c. Social services;

   d. Environmental and conservation projects; and

   e. Changes in health practices.

6. Rural works offer a realistic way for governments to be responsive to local rural needs.

The workgroup did recognize, however, that many problems would arise from the high priority effort which they recommended. A checklist of issues to be dealt with in planning a comprehensive rural public works program was therefore developed. Although the list is neither exhaustive or prioritized, it is indicative of the areas where analysis may be required:

1. Short-term physical outcomes;

2. Potential of the project design for on-the-job training for laborers;

3. Workers' health considerations;

4. General technological levels available and required for the project;

5. Community interest for projects; likelihood of financial contribution by these communities;

6. Resource potential available;

7. Existing local organizational capability;

8. Previous local experience with public works projects;

9. Potential for short-term and long-term employment generation;

10. Socioeconomic cost/benefit ratio;

11. Complementarity with other development programs, including maintenance;

12. Potential financing (issues of centralized, de-centralized financial organization);

13. Technical and supervisory skills required and training needed;

14. Income generation and distribution (issues of wage labor vs. self-help, and food and other payments in kind);

15. Social attitudes toward physical labor and public works;

16. Potential for rural industrialization;

17. Multi-level institutional arrangements;

18. Development of institutional linkages and coordination; and

19. Potential for simplifying the process of implementation and reducing the time between the project proposal and its first visible results.

In addition, it was felt that if rural works are to be a responsive mechanism for rural development, AID must accept a responsibility to foster projects designed with this intent. This means AID projects will need to be flexible enough to:

1. Let communities choose what works projects they value and will maintain.

2. Allow decentralized decision making in situations where that is appropriate.

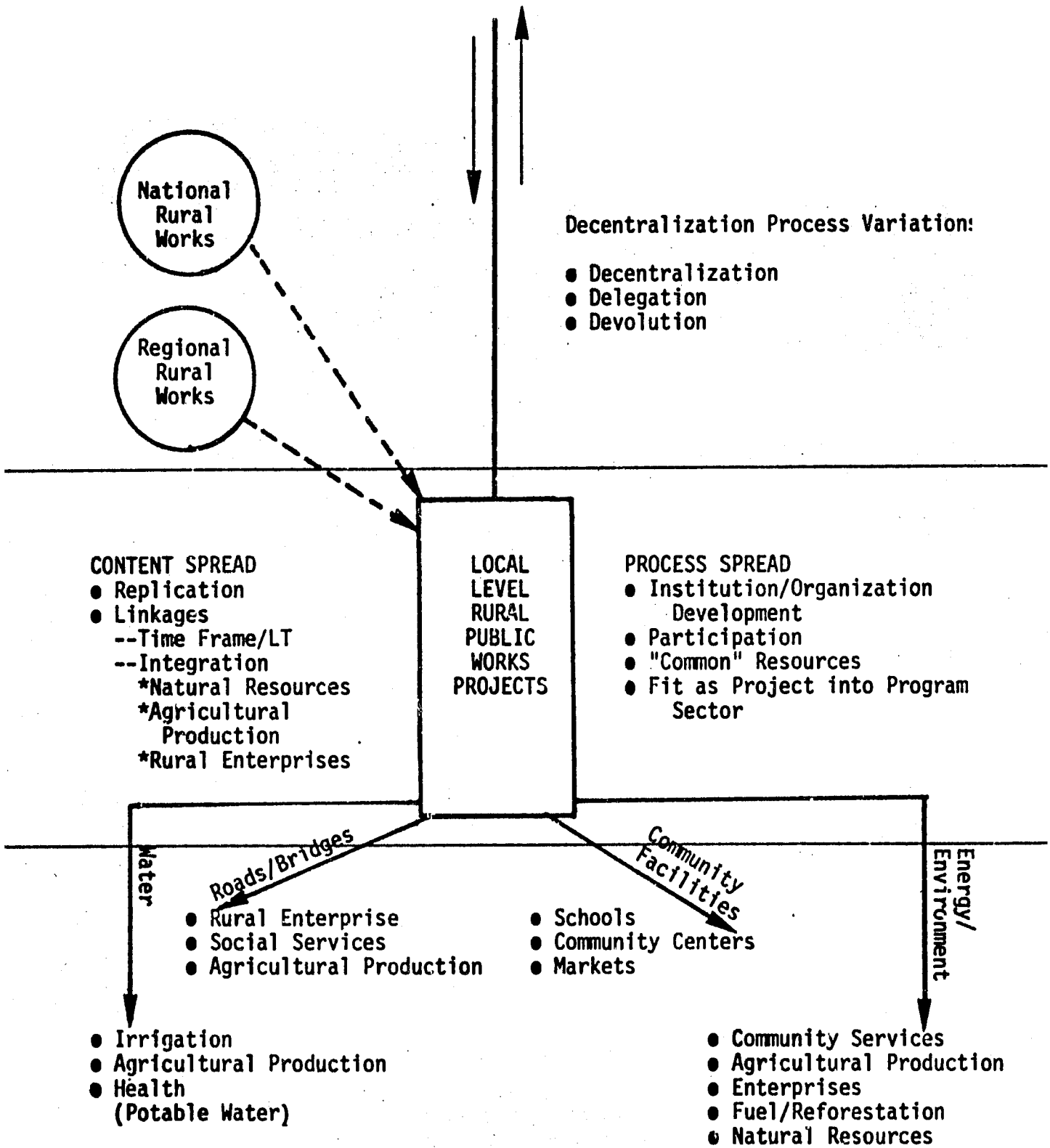
3. Weigh and balance the multi-disciplinary design inputs from its rural development officers, engineers, local government experts, participation specialists, and economists and not simply focus on technical and economic feasibility.

Finally, the Workgroup concluded that rural works projects can illuminate our understanding of rural development, the linkages between infrastructure, and the long-term, self-sustaining benefits which these projects can yield. This means AID projects will benefit from experimental components and approaches with respect to:

1. How specific works subproject ideas are generated, designed, managed, and maintained.

2. How works projects are linked to other rural development efforts on farms, in communities, for enterprises, and for households.

CENTRAL ROLE OF LOCAL LEVEL PUBLIC WORKS IN RURAL DEVELOPMENT



CHAPTER 6

PROVIDING SOCIAL SERVICES IN RURAL AREAS

Introduction

The Social Services Work Group was guided by the following substantive issues during its Day 1 deliberations:

1. How can improved services be delivered while keeping recurrent costs within acceptable limits?

2. How can social services be designed and timed to stay within and enhance the capacity of local areas to control and productively utilize these services?

3. What are the most appropriate priorities in the provision of social services and how should they be established?

4. How can social services be designed and implemented so as to foster their favorable effects on the rural poor? How can these services best be provided to widely dispersed populations?

On Day 2 the Group elaborated on key organization and mobilization concerns associated with the provision of social services in rural areas. Conclusions and recommendations were generated on Day 3.

The workshop had the benefit of four issues papers:

- "The Strategic Importance of the Human Resource," Peter Dorner, Land Tenure Center, University of Wisconsin

- "Positive Aspects of Third World Poverty?" Glynn Cochrane, Syracuse University

- "Paraprofessionals in the Delivery of Social Services in Rural Areas," Royal D. Colle, Cornell University

- "Health Position Paper," Robert Emrey, Association of University Programs in Health Administration

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Day 1 Deliberations: Technical Issues

Substantive Topic 3: Setting Priorities

The consensus of the Work Group was that local groups should be involved extensively in setting priorities. The role of outsiders in the priority setting process was less clear.

Undifferentiated acceptance of local priorities leads to local support for further projects. However, the group expressed concern about the possibility of large sums going into projects that the outsiders considered low priority (the guitar, swimming pools; curative health versus preventive health). One approach would be to set boundaries or criteria from a list of several possible acceptable projects and then to let local priorities lead to different mixes and sequences. Another approach would be to provide information for bargaining or dialogue between the community and funders. In other words, the government representatives would participate in the decision process on more than an information sharing basis.

Substantive Topic 1: Recurring Costs

A variety of ways to control and to pay for recurring costs were discussed: (a) improving efficiency by being innovative; (b) using local taxes for self-financing; (c) taxing from outside the community to get a redistribution of benefits toward the poor; (d) targeting what is supported; and (e) letting non-government groups (like coops) using some revenue for social services.

The easiest cases are services highly valued by the community where they can support them with labor or where they have enough cash to support them. The harder cases are services that don't show benefits for a long time. The group favors progressive taxes, but some felt that regressive taxes may be better than no services for the poor for something they want badly.

Substantive Topics 2 and 4: Designing for the Poor

Projects should be designed so the community can afford to pay the costs. This will lead to more realism in the costs from the community. Quality standards should be set low enough so that coverage can be provided for the poor, and the wealthy won't try to preempt it.

The following alternative approaches were suggested:

1. "Pay as you go;"

2. Allow maximal community participation to increase efficiency;

3. Allow maximal use of available media to reach dispersed populations;

4. Reinforce local political will in order to reach increasing levels of efficient delivery (related to (2) above); and

5. Encourage bearing of costs by local groups as much as possible to provide incentives for becoming more efficient.

ay 2 Deliberations: Organization and Mobilization Issues

Participation generally was not perceived as an end in itself but as an element in increasing the chances for success in delivering social services or facilitating access to those services. Some workshop members suggested that it may not be entirely feasible or desirable to attempt to increase participation indiscriminantly in all phases of project activity--it may become too burdensome for already over-worked peasants who are struggling from sunup to sundown for survival, and it may be counterproductive if it simply becomes window dressing.

In the process of selecting people to serve on health committees or in selecting paraprofessional workers (e.g. in health or nutrition or agriculture), exclusive or even dominant participation by the community may yield candidates inappropriate for the task to be accomplished. The workshop members spoke extensively about the use of paraprofessionals as a mechanism for increasing social services delivery to rural communities. There was a divergence of opinion as to whether the roles should be narrowly defined (e.g., providing a very few closely related services) or broadly defined (e.g., providing multisectoral services). Care needs to be given to identify the paraprofessional as an extension of the professional (e.g., a physician) rather than a competitor, and not to subject the former to so many different tasks as to overwhelm them with meeting the expectations and demands of too many supervisory agencies.

The workshop members stressed that two important conditions would help facilitate the participation of the community in project activity:

1. There should be a strong emphasis on developing or maintaining a strong institutionalized backup system from whatever forms of local participation appear capable of delivering results. For example, paraprofessionals or community health committees or cooperatives should be provided material, supervision, training, and technical information resources to assist them in the community. National and international programs which stress participation should be willing to invest in the development of institutional structures to backstop the mechanisms of participation, as well as the projects which yield direct benefits to benaficiaries.

2. Attention should also be given to methods for building the community's capacity to examine options and engage in bargaining with higher level agencies.

The workshop members suggested several mechanisms for stimulating decentralized planning. One was to make funding of projects contingent on including decentralized planning in the project; another was to provide incentives for spontaneous subnational planning (e.g., contests) which might ultimately be adopted in other parts of the country. The workshop suggested several conditions which might facilitate decentralized planning:

1. Provide training at the subnational level for people who might engage in planning; and

2. Develop a communication system which provides top-down and bottom-up flows of information so that the dominant governing authorities (or political leadership) can state clearly the goals and parameters of decentralized planning activities and can monitor effectively this planning.

Some members of the Work Group felt that sometimes project activity can be handled more effectively at the central level. Planning should not be imposed on local communities; rather the communities should be allowed to proceed incrementally on community development projects. However, another point of view was that even in such short-term incremental approaches there still needs to be a local planning process (e.g. in mobilizing resources). Decentralized planning is important because it puts the planning activity closer to the arena where implementation will take place.

Two points not directly related to the preceding:

1. The method of the workshops and clusters, which aimed at producing a group report, raised the suspicion of at least one participant. Was the workshop plan "tailored" to come up with conclusions that fit an already determined policy or framework for action?

2. The real question, said one participant, is not related to the questions being discussed. The real question is AID policy concerning the ratio between money to be spent on development programs in the 1980's and the AID technical field force (at the missions) to implement the kinds of projects for which funds will be approved. There was some sentiment in the workshop for a serious look at the ability of AID to carry out programs effectively if the field force is cut, while the amount of money continues at a high (higher?) level.

Day 3 Deliberations: Conclusions and Recommendations

The group identified a number of hypotheses and approaches which might, with further testing and refinement, lead to recommendations for taking action in providing social services to the rural areas. The group emphasized the importance of country specific circumstances in shaping whether and how to implement each of these ideas at such time as they might become the basis of policy decisions. By extension different circumstances within each country must also be taken into account. The following are suggestions that the group identified. Given time limitations, it was difficult to establish how far the consensus extended on each individual point. Those included are those that were introduced and, upon restatement, unchallenged.

1. Decentralization to the level of organizations already in place is a preferred approach that may well spread limited resources over wider areas, thus maximizing their impact. Several provisos were introduced. Among them were: (a) the need to insure that local communities are in fact effectively organized; (b) the need to insure that such decentralization in given circumstances bears a relationship to the objective of aiding the poor majority; and (c) the need to tailor the decision of whether and how to decentralize to the requirements of the particular service to be delivered and to the particular contours of the community to be served.

2. The use of paraprofessionals in the delivery of social services to rural areas should be increased. Qualifications to this generalization included the importance of: (a) giving due recognition to the kinds of administrative and other resources needed to support and guide the activities of paraprofessionals; (b) reasoned choices among different types of paraprofessionals that might be available (e.g., the choice between those acting as extensions of regular paraprofessionals and those who are local paratechnicians); (c) reasoned decisions in particular circumstances on such questions as whether these individuals should be paid or not paid (and if so how much), have single or multiple functions, and serve on a part-time or full-time basis; (d) due consideration to the problems of effecting cooperation in circumstances where a number of paraprofessionals with single and differing functions are to be employed.

3. Participation by local communities in the provision of social services in rural areas is to be encouraged on the understanding that: (a) broad strategic choices (e.g., between emphasizing curative or preventive medicine) should establish parameters within which such participation occurs; (b) different levels and forms of participation may occur in the design as distinct from the delivery stages of providing such services; (c) bargaining occurs between local communities and professional and/or paraprofessional persons leading such communities to make choices on the basis of clear understandings of resource constraints and probable results attendant upon the points to be decided. The workshop considered that by affording due recognition to such limiting factors, weaknesses and failures of 1960's community development strategies might be avoided.

4. Programs for assisting developing countries in the provision of social services to rural areas must increase the capacity of such countries to be self-supporting. Among the suggested indicators of success in this endeavor were: (a) the capacity of the country to sustain the programs after the aid projects have been completed; (b) the capacity of the countries to meet the recurrent costs by keeping them at reasonable levels; (c) clear evidence that increased capacity of host countries to manage delivery of services results from the implementation of aid programs; and (d) evidence that the host countries increase their capacity to find their own resources for supporting service delivery systems.

5. Programs to improve levels of education, including programs of nonformal education in particular, should be supported because they have been found to produce such desirable results as more effective participation and general empowerment of individuals and communities. It was suggested that nonformal education can be organized with relatively greater ease and speed than other services.

6. Participation in the effective provision of social services in rural areas should take place not only by making full use of community organizations at the grass roots but by utilizing private and voluntary organizations in host countries and in donor countries. Taking advantage of the full range of institutions representing forms of participation may carry as a possible corollary recognition that AID itself may have only an "arm's length" relationship to community organizations in particular rural areas. The workshop identified a number of points which might properly be taken into account in determining which private and voluntary organizations to utilize and in what ways. These included: (a) the need for efficiency in delivering the services; (b) the importance of appropriate administrative support systems to assist the activities of such organizations; (c) the need to promote collaboration among organizations working to provide services in rural areas; (d) the importance of determining that PVOs employed in given circumstances have demonstrated the capacity to learn something of the requirements and preferences of the peoples they are to serve; and (e) the importance of considering the requirements of particular types of social services in determining whether to employ PVOs.

Topics on which members of the workshop thought additional knowledge and understanding were needed included the nature of local organizations themselves, linkages between urban and rural areas in the provision of social services, and the limitations on the ability of local communities to receive and absorb social service programs.

The many disciplinary backgrounds represented in the group gave richness and depth to the discussions of each topic. Members of the groups wish to indicate trends and directions by the above summary but also wish to recommend future workshops to continue exploration of the ramifications of the cross-disciplinary approaches suggested. Concerns were expressed that too much definitiveness might be attributed to these suggested approaches at too early a stage in their consideration.

CHAPTER 7

DEVELOPMENT AND ACCESS TO NATURAL RESOURCES

Introduction

Chapter 7 consists of the rapporteurs' workshop reports for the three days of deliberations. Day 1 is concerned with technical issues, based on five substantive topics that were presented to the Development and Access to Natural Resources workshop:

1. Can strategies for mixed and balanced utilization of productive resources in rural areas be devised? Can these be translated into planning?

2. What administrative support, information, and skills are necessary to achieve resource planning? How can development projects best assist in the strengthening of these capabilities?

3. Who are the major beneficiaries of resource conservation programs? How can the benefits of these programs be targetted more effectively to the rural poor?

4. How can conflicting objectives (conservation, reaching rural poor, stimulating agricultural development, etc.) be reconciled? What are the most appropriate guidelines for setting priorities among these concerns?

5. How important are land tenure concerns in designing ecologically and socially sound rural development interventions? How can they best be taken into account?

The Day 2 discussions focused on issues relating to the organization and mobilization of Development and Access to Natural Resources. The Work Group formulated conclusions and recommendations on Day 3.

The workshop had the benefit of four issues papers:

- "Administering Productive Natural Resources: A Public Goods Problem," James S. Wunsch, DS/RAD(AID)

- "Developing a Farm Level Focus in Irrigation Development Schemes," William M. Bateson, University of Wisconsin

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- "Issues in the Design of Ecologically and Socially Viable Rural Development Projects," Peter Dorner, Land Tenure Center, University of Wisconsin

- "Land Tenure Issues in African Development," James C. Riddell, Kenneth H. Parsons, and Don Kanel, Land Tenure Center, University of Wisconsin

Day 1 Deliberations: Technical Issues

For the purpose of this discussion, the group defined natural resources as limited to renewable resources--including trees, land, water, fisheries, and agricultural products. The substantive issues discussed were: (1) the utilization of resources; (2, the provision of administrative support, information, and skills; and (3) the identification of beneficiaries and the targetting of programs to reach them.

In dealing with the first substantive issue, the main question was whether strategies for mixed and balanced resource use can be devised. Resource conservation should also be given a high priority. Too many previous projects have been focused on specific sectors; but resources are linked and there is need for the integration of resource development projects. It is necessary to devise programs which balance different types of projects and have a broader vision regarding resource use. The most important question is how to relate and integrate resources that already exist in an area. Resource management has interrelated and multifaceted aspects.

The 1979 World Conference on Agrucilture Reform and Rural Development placed great emphasis on the use and conservation of renewable natural resources, especially land and water. It pointed to the need for plans and projects to be harmonious with the environment, for village oriented projects, and for an international code of conduct to ensure that transnational strategies are consistent with national rural development goals and prevent the exploitation of natural resources by transnational corporations. The workgroup agreed with these views.

In dealing with the issues of providing administrative support, information and skills, there is a need to define broadly resource problems so as to include environmental concerns. Some members of the group thought that single institutions should plan and manage resource use; others thought that planning and management should be decentralized. There is a need for incentives or enforcement planning and management mechanisms to implement the plans; a need for administrative support at the level at which resources are used and managed; and concern about the need for a national plan for resource management.

Viable alternatives to present patterns of resource use are needed at the local level. Local people, often not aware of alternatives, need to be offered alternatives and educated about managing resources more effectively. Before rural people will see the benefits of resource management, they need to understand the reasons for managing resources efficiently and wisely. Any project that does not integrate people and natural resources is not a development project. Planning must be at the ground level. The first concern of the rural poor is survival--they will use resources more effectively only when they can understand the need to do so, can see viable alternatives, and are provided with government resources for management.

The kinds of support that might be provided include technical asisstance and outside support to build-up indigenous management capabilities and develop technical skills, necessary equipment, facilities, staff, and extension services, information about resources and resource use, and demonstration farms and plots.

There is a need for inventories of rural social structure, cultural practices, and the use of resources. There is also a need for baseline data and information about the rate of resource depletion.

Different modes of resource ownership create different sets of administrative problems. There are three predominant ownership patterns: resources on private lands, commons, and state lands. Each present different types of management problems and require different types of programs. There must be subsidies and incentives to cover the gap between individual benefits and social benefits of resource management. Where resources are allocated by prices, greater attention is given to their management; where price mechanisms do not exist, encroachment is not monitored as closely. Land tenure, security, and access seem to be important factors affecting resource use.

Another big problem is that natural resource projects need a long time frame that often makes it difficult to get long-term financing from donor agencies.

The third issue raised the question of whether or not resource programs should be designed to provide immediate help or long-term help to beneficiaries. There is a problem of defining the rural poor and then the problem of reaching them through resource development programs. The rural poor must participate in planning and designing projects and be given the responsibility for project implementation.

Ultimately, the beneficiaries of resource management projects may encompass larger groups than the rural poor. Failures to manage natural resources effectively may harm larger, even global, populations. There is some sentiment that donor agencies over-emphasize the rural poor as beneficiaries; however, if the beneficiaries are seen as universal than there is the operational problem of allocating scarce financial resources among potentially competing projects. The question then is how to resolve conflicting objectives of rural use.

Several examples of successful resource use programs were cited, including programs in Korea, Hondruas, Jamaica and New Guinea.

Day 2 Deliberations: Organization and Mobilization Issues

For purposes of discussion, the group focused on three main questions: (1) Should the role of decentralized planning be strengthened in the area of natural resources? (2) If so, to what level? and (3) How can this be done?

Two related dilemmas surfaced in addressing these questions. The first dilemma is stated in the general principle that when resources are scarce a balance is required between the need for participation of the users of the resource and the need for technical expertise (and the centralized planning and management that this often implies). Too often projects focus only on increasing the participation of local users in planning and management or just on increasing the analytical expertise at the national level. Institutionalized means of balancing both of these priorities are called for. A related dilemma concerns the need to combine the perspective of the local users of a resource with a broader national perspective on the use of that resource. Again, there is presently no institution in which these two perspectives can be synthesized.

River basins might be the appropriate geographical area for mid-level institutions which can address these two dilemmas. Several countries have tried, or are trying, this approach--Pakistan, Bangladesh, the Philippines, Mauritania. While there is some question as to whether or not resource management on this level is specifically benefitting the poorest of the poor, there appears to be an acceptable cost/benefit relationship in this approach.

A problem with any institution which seems to incorporate both local and broader national perspectives is that the broader national persepctive is equated frequently with an urban perspective. A central question is <u>who</u> can provide a broad perspective not tied to a specific interest group? Because it is easier to organize urban users

of water than to organize rural users, for example, the rural interest is often subordinated to the urban interest.

There was concern that our discussion of rural development in general, and resource management in particular, dealt with problems in isolation from overall national development. Specifically, there was concern that the focus on the "poorest of the poor" is discouraging worthwhile resource development projects, and that alternative models or strategies are needed. Over-emphasis on designing projects to benefit immediately the poorest segment of society might inhibit the design of innovative projects which contain only long range or secondary benefits to the poorest segment of society. It can, on the other hand, be argued that the focus on rural development and on the "poorest of the poor" is not a limited focus, but is simply a strategy for insuring that a distributive concern is injected into development so that the groups which did not share in the benefits of past projects are no longer excluded from sharing in those benefits. In addition, because not all donor agencies share this AID focus, it is not absolutely necessary to select and design projects to fit this strategy because alternative sources of assistance are available.

Day 3 Deliberations: Conclusions and Recommendations

The primary focus of the discussions was on conservation and utilization of renewable resources, primarily the soil water plant ecosystem. Extractive resources were not included. The universal importance of these resources was continually emphasized and the drastic implications of their destruction or loss were accepted.

Parts of the action agenda, particularly the listing or noting of certain actions or recommendations, were not adhered to because of the country or region specific nature of many of the determining factors. Where possible principles were then substituted to assist in development of specific activities or projects.

The Workgroup recommends that the following be emphasized:

1. Resource inventory and development of a data base;

2. Socioeconomic and cultural ecologic analyses;

3. Institutional support at all levels, with planned phased withdrawal of outside expertise and funds;

4. Elaboration of national policies, including legislation and enforcement considerations;

5. Training at all levels emphasizing versatility and management techniques;

6. Land-use planning and management emphasizing feasibility and local acceptance;

7. Argo-forest system development;

8. Environmental protection, education and information;

9. Energy conservation, research and adaptation;

10. Village management of natural resources;

11. Pest control; and

12. End-user education on benefits, using demonstration farms and extension services.

Throughout all of the above the need was emphasized to concentrate on developing indigenous skills, incorporating local knowledge, supporting or developing local institutions, and gaining site specific solutions.

In the area of organizational or management changes required by donors or host governments, we agreed more on principles to be guided by rather than on specific change recommendations. Among the most important were:

1. Organizations included in resource planning or use must be able to represent the needs and concerns of the end-user or beneficiary as well as represent national policies and concerns. Administration and management must be at the level of the desired activity.

2. Donors need to develop country or situation specific skills and must be prepared for a long-term commitment if they are to be effective.

3. Since resource preservation is an unending process, self-reliant host country institutions must be developed early to carry out objectives over the long haul.

4. Institutional building must be multilevel--local, national, regional--to insure effective coordination and cooperation.

There were many areas where our group felt constrained by a lack of knowledge. These would be areas for future study and emphasis:

1. Relationship and importance of public versus private benefits;

2. Relationships among production, income and conservation;

3. Factors in the transfer of technology;

4. Cultural sensitivity; and

5. Development of alternate resources or new uses of under-utilized resources.

Finally, representatives of developing countries identified some constraints that apply to AID projects generally and which are worth noting:

1. Vehicle procurement--U.S. vehicles are often not well suited for the developing countries and that policy should be reviewed.

2. Procurement is an unsuitably long process and should be simplified and speeded up.

3. Environmental regulations for the U.S. are often inapplicable in developing countries. Where restrictions are necessary (i.e., pesticides), alternative solutions should be made more readily available.

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PART III: CLUSTER PANEL PRESENTATIONS

INTRODUCTION

In an effort to meet the second objective of the Conference--to initiate a dialogue about the opportunities for, and constraints to, rural development presented by donor or developing country policies and institutions--the Day 2 deliberations focused on organization and mobilization issues.

This was preceded by cluster panel presentations. Three speakers were selected to address organization and mobilization issues in each cluster area. Their presentations were intended to consolidate prevalent views on the institutional capacities required at different levels--local, regional, and national--in dealing with the problems of the poor. The panelists stressed that the development task is not concerned just with establishing local organizations, regional bodies, and national institutions; rather it involves extending and reshaping the entire institutional system responsible for mobilizing the resources of, and for, the poor.

The presentations and discussions of the first cluster, as reported in Chapter 8, focused on organization concerns within the private sector. Harvey Blustain, working with Cornell University's Participation and Rural Development Project, spoke on "Developing Local Capacity for Agricultural and Economic Development in the Rural Sector." Donald Mickelwait reflected on "Problems in Implementing Area Rural Development Projects." Mr. Mickelwait of Development Alternatives Incorporated (DAI) is associated with AID's Administration and Organization of Integrated Rural Development Project. Finally, David Leonard of the University of California at Berkeley, spoke on "Dilemmas of Administrative Reform." Mr. Leonard is the Manager of AID's new Managing Decentralization Project.

The second cluster, reported in Chapter 9, addressed those public-sector organization issues largely dependent on government action for their success. The first panelist was Norman Uphoff of Cornell University's Participation and Rural Development project. He spoke on "Developing Local Capacity for Infrastructural, Social, and Resource Development in the Rural Sector." Dennis Rondinelli, a senior associate of development planning for the Practical Concepts Incorporated (PCI) Methodologies for Rural Development Data Gathering and Analysis project, spoke on "Administrative Decentralization and Regional Planning for Rural Development." The last cluster panelist was Haven North, Deputy Assistant Administrator for AID's Africa Bureau. Mr. North addressed the topic of "Governmental and Non-governmental Organizations: What is Their Role in Rural Development?"

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CHAPTER 8

PRIVATE-SECTOR ISSUES

Developing Local Capacity for Agricultural And Economic Development in the Rural Sector

by

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Center for International Studies
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Over the past one and one-half days, there has been an emphasis on the role of participation and local involvement in rural development activities and in getting grassroots support for the development projects which we are all trying to initiate and implement.

Coming from the Cornell Participation Project, I think that this emphasis is a good thing. However, there hasn't been, thus far, any real discussion on some of the social/structural issues of participation. If the focus of rural development activities is going to be on the local people, then there must be a similar focus on what kind of information about these local people we need; what kind of social profile we have to gather.

In addition to these informational questions, there are a number of other issues that should be considered when trying to get local people to participate in rural development activities. For example, there is a problem of deciding what unit of decision making to become involved with. What kind of local institutions do these people have which could best support the development? Is it the household? Is it the lineage? Is it individuals? That kind of question is important when you try to get local people involved. A second social/structural issue that becomes increasingly important in many development projects is social stratification. You can be involved with different kinds of ethnic groups, castes, landed groups or landless groups. There are many different stratificational systems, corresponding to differences in terms of access to assets within each system. Studying and understanding these stratificational differences and incorporating this understanding into a development project, therefore, becomes increasingly important. A third issue is one of outside influences. A project area does not exist all by itself--national and international issues also need to be taken into account.

Turning first to the questions of units of activity or "units of development", there are several problems which arise. One is what kind of population size you are going to be working with. Another is what kind of geographical area you are going to be working with, if that is how you choose to do it. Just to provoke some thought on this, let me

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mention three possible ways you could put a boundary around a project area. The first way is political. There may be a district zone which has pre-existing political and adminstrative boundaries, which may be very advantageous to work with because the adminstrative structure is already set up. But it may not be the way to go in terms of setting limits on an area of activity because it may well be socially meaningless. A good example of this is a district in Nepal where the southern population has more of a Hindu influence (Brahmin's "untouchable" type of social system) whereas in the northern part of the district there are Buddhists who have different household compositions, and different cropping patterns. Yet, they are all within one adminstrative unit. So working within political boundaries may create some kinds of problems.

Another way to set limits around units of activity is to use geographical boundaries. I am thinking here of projects like watershed management. Currently, I'm involved in an integrated rural development project in Jamaica, which includes a watershed management scheme. While the project is working out very well in some areas, one of the problems we have is that the project area has been defined as the natural watershed boundary. Because local people really don't think in terms of where the crests or ridges are, the watershed line runs right through some communities. In the original project paper, there was no provision for incorporating those parts of the community on both sides of the ridge, although the project management is very aware of this and recognizes that it is a problem. This characterizes the problems that can arise when the units of activity are set in terms of geographical regions, such as watersheds.

A third way to talk about units of analysis is in terms of social units. The problem here is that it's hard to find a completely socially homogeneous population that falls into nice administrative units and that doesn't cut across administrative boundaries. But defining the units of operation along social lines is one way to get around this problem. These are important units of analysis because when trying to mobilize local people for development activities, the thing to concentrate on is getting local groups which have either had experience in working together or which have some kind of basis for working together. If the unit of activity is comprised of parts of different social groups which are not well integrated, it's very easy to run into problems when trying to mobilize them for local development projects. So, the kind of activity units that are chosen can be critical in terms of the ability of host countries and donor agencies to mobilize people for development projects.

The second major topic concerns the involvement of local organizations in development projects. Local organizations is a very broad term; it can include organizations which are either formal or informal, statutory or private, homogeneous or heterogeneous, single function or multi-function, and traditional or modern. There is really a diversity of variables and dimensions

which come into play here. I won't go into local organization theory, but let me just mention three advantages of working with local organizations in development projects. One advantage is the economy of scale for communication which may be gained by using local organizations. If an extension worker or a field officer has something to communicate, it is much more efficient to talk to 50 people then to go out and talk to individual farmers. This is not to say that individual visits aren't important or necessary. But for some kinds of communications, groups provide a really good vehicle for getting the message across. And needless to say, that kind of communication goes the other way as well. If farmers have something to say about the way the project is being run or what their basic needs are, it's much easier for a group to communicate than for individual farmers. So communication is one advantage of working through local organizations.

A second advantage is that these local organizations provide a basis for group action later on as cooperatives, buying clubs, selling clubs, etc. These organizations can provide the basis for cooperation.

A third advantage of local organizations--and this is perhaps more important in some cases than others--is legitimacy. In some areas a lot of people are skeptical about the central government or foreign donor agencies coming in and setting up projects or trying to initiate change. But by working through traditional local organizations, a sense of legitimacy can be achieved. By working with local leaders and established organizations, some of the mistrust which is often generated from people parachuting in and starting something new can be allayed.

So far, what I have dealt with are the two issues of units of activity and involvement of local organizations. However, in mobilizing local capacity for participation in development projects, a whole range of social, structural, and cultural kinds of issues must be taken into account. In the part of Jamaica where I have worked, for example, one must take into account the approximately 30,000 higlers, who are small scale traders traveling around the countryside, if marketing is the project focus. These traders play an important part in the development process. If the issue is labor, account must be taken of the fact that between 20 and 25 percent of the farmers out in that area depend on labor exchange groups as their primary source of labor. Understanding these kinds of exchange groups is important in implementing projects.

Throughout this entire Conference, there has been an emphasis on participation and local involvement. But participation and involvement will become just another new set of "buzz" words unless there is more attention given to those local, social, structural, and cultural aspects of the "target population" that development projects are trying to reach.

Presumably, the raison d'etre of development people is to serve the rural people out there, whereas the raison d'etre of the people out there is not to be serviced by development specialists. From a "systems strategy" perspective, that means that we need them more than they need us. Given that, I think it's important that we go more than half way in understanding what their capacity for local mobilization is. This includes local organizations, traditional labor, and marketing arrangements. To have real participation, there must be an understanding of what the people out there are doing: what their traditional arrangements are, what their institutions are, and what their local capacity is at present.

Problems in Implementing Area Rural Development Projects

by

Donald Mickelwait, President
Development Alternatives,Inc.

I would like to talk about project implementation. We have had almost one and one-half days of discussion on participation at the local level, and so now I'd like to spend a little time talking about how to make these things work in an area integrated, rural development project.

Yesterday morning our moderator asked the panel what kind of development administrative capacity is needed to do "bottom-up" community participatory development. The answer that came back was very fascinating; it was that formalized planning is quite often an excuse for maintaining control of the development process at the center or closer to the center. I interpreted this to mean that if there is really effective community based development taking place, there is no need for formalized central planning. The issues and the concepts of the projects will flow out of the appropriate dialogue at the bottom of the society. We have all seen some very effective projects that work this way; they're almost always run by private voluntary organizations (PVOs) or someone other than a major bilateral donor program. Because they don't have the government-to-government problems, the PVOs can go in at the bottom and do some very effective small, quiet, careful, and good work. Our goal should be to duplicate this high quality of work and this high degree of local participation in large government-to-government programs; i.e., those in which the agreements are signed at the national administerial level. A developmental project cannot simply be spontaneously generated from a local community. A lot of attention should, therefore, be given to developing in-country administrative capacity to deliver technical assistance at the community, village, and household levels.

I know of several instances in which the project generated community interest and involvement in the early stages. The elected leadership had talked about their problems, reached a consensus, and then turned to the donor agency saying, "Okay, now what do we do?" Well, if the donor doesn't know the answer to that question, it's a little late in the day to find out. One can't give the answer to that question unless there is a system which can deliver from somewhere some qualified knowledge, some resources, and some concepts that will hook up with the ideas that are generated and the interests expressed from the local community base.

Let me just mention three kinds of obvious problems that occur when trying to run large integrated rural development programs. I'm not referring

to a single source program, like a nutrition program or a health program that has no other functions to it. I'm talking about a project that has too many different components to fit within the purview of the country's Ministry of Agriculture or any other single government agency. Or, even if all the components can fit into Agriculture, Agriculture probably has six different offices--and they don't talk to each other. Take Thailand, for example, where Research at the national level doesn't talk to Extension, Irrigation, nor Marketing. They have their own particular semi-autonomous departments. To go in there and push for a cooperative or a coordinated program is, I think, really missing the point. The incentives are not there for cooperation between different government departments. In many of the regional, provincial, districts, or community based development projects that we're in, there may be as many as 15 different organizations, each with its own budget, to do a program. In some way or other, they've all got to agree on the objectives of the project, or at least they have to agree not to compete for project resources in the same places at the same time.

We sent George Honadle, one of the development administration people from the Maxwell School of Syracuse, out to Indonesia for three months to try to answer the following questions: What incentives are there for these 15 organizations to work together? What incentives exist in the government structure for ambitious people to have good will? There are several incentives which will separate the projects and eliminate coordination and cooperation. But, the positive incentives for people in different government agencies to work together--so that the staff and the vehicles and the gasoline and the concepts can all be concentrated on one community or one area at one time--are virtually nonexistent.

The optimum level to place the "management" of the project is thus different for each country. The Bicol project in the Philippines is a huge operation run by a regional authority that cuts across two provinces. Yet, it uses other peoples' resources and staff. In other places, like Tanzania, a regional base is most appropriate, although there are also very good provincial bases for projects. The question to ask is "What is the lowest level at which the administrative capacity is there, where one can coerce, cajole, or somehow or other squeeze together the various government "arms," that are necessary to make the rural development project go?" In some countries, one can get quite low on the administrative scale; usually as far down as the province level where there are representatives of extensive research, marketing, livestock, dairy production, and the various other technical specialties needed to make something "go".

Another common problem is that most governments are vertically organized; every step downward from the top means that one more set of offices has to be included in the development project. In Indonesia, if you'd like to go visit a village, you start at the provincial level (in, say, central Java) and you pick up two carloads of people--when I was there last, there were ten vehicles, three motorcycles, and 24 people. And every time we "hit" the village, <u>everybody</u> went along.

All of those people were part of the vertical "baggage" that goes along with a well structured government in which everybody down the line has to join the party. One can't simply go directly from the province to the village without including all administrative technical offices along the way. Indonesia may be somewhat unique, but certainly in Southwest Thailand and probably elsewhere in Asia, this same parade will be necessary to get to the village. Without incorporating participants from the government agencies along the way, one would have a terrible time attempting to run a project. That presents a real problem for you if you have 24 government officials to cover 55 households. That kind of ratio makes it very difficult to get very much done in that area.

I might just mention that another administrative and organizational strategy that has been tried for coping with the lack of development and administrative capacity at the lower levels of government is the building of a semi-autonomous project management unit which exists in and of itself. It does not coincide with the administrative districts, it doesn't have the responsibilities of local decision making, but it runs the projects. The World Bank has specialized in setting up these kinds of organizations by subsidizing a team of very powerful and high-salaried managers for running the project. But it doesn't do a very good job at perpetuating an institution after the funds for that particular project have been expended. Our feeling has been that whenever possible, it is better to work within the institutional structure that is in place and try to get the support that is needed so that when the project is over, there will be some people remaining who will continue the work that has been started.

I was quite interested in a question raised earlier about the setting of the project boundaries. Our first panelist talked about political, geographic, and social differences, and he suggested that these differences made it hard to know what unit of analysis might be used in considering the project. I would say let us start with whatever unit can do the project; let us talk about who runs it, where the resources are, who controls the motor pool (as trivial as that may seem, it has folded any number of development projects because the vehicles, didn't run when they were supposed to), who delivers the payroll, and who comes up with the accounting systems that control the money from AID (instead of having the Comptroller stamp "REJECT" because the particular lines that they liked were not followed). In sum, the key question is where to "locate" the project within the administrative structure of the country. I think that this may be one of the most under-discussed areas of development policy.

Dilemmas in Administrative Reform

by

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This morning I want to address some issues of administrative methodology, particularly as they relate to agricultural development programs. I will begin by addressing the issue of training. Since the very first days of AID, and continuing right through to the present, we have experienced severe difficulties with the limited administrative capacity of LDCs to absorb any of the types of projects which we attempted to implement. So, a recurring problem in many countries has been how to create an adequate administrative capacity, and administrative infrastructure, to handle the whole range of development activities in which we work. In the very earliest days of post World War II administrative reform activity, the emphasis was on training of generalized values. In India, for example, American aid efforts emphasized the community development movement. This emphasis was an attempt to overcome the "law-and-order" orientation of the established Indian administrative structures. It was represented in many other parts of the world at the elite levels by creating training institutions for elite administrators and the like.

At the bottom and top of the system, the general consequences of these attempts to effect a new value orientation with administrative structures via elitist training institutions have generally been unsuccessful. By and large, the values of the administrative systems with which we dealt proved stronger than we did. To survive, these institutions have tended to become training institutions for the very values that we were trying to replace rather than vehicles for changing the system. As is the case very often with community workers, they get one ideology in the training institution and then are subjected to a very different kind of reality in their administrative work. This creates a great deal of dissidence--or even worse, hypocrisy--in the conduct of that work. By and large, we have stepped back from this approach not because values are unimportant, but in recognition of the extreme difficulty--and perhaps even the extreme inappropriateness--of our trying to create value-socializing institutions for other cultures.

The second major thrust was in terms of trying to create more generalized forms of competence: sometimes in general formal education, other times in more technically specific education or post-secondary education which culminates in some kind of degree or certification. The results of this kind of educational activity have been mixed, at least in the short run. There have been times when we have assumed that because there is an obvious shortage of educational capacity or technical capacity in the society, that any kind of addition we can make to the system will be positive and will have positive results. This may not in fact always

be true. In my own work in Kenya I have been able to document the fact that the returns on education in some situations are more curvilinear than linear. In other words, after a certain peak is passed, severe problems set in: people of higher educational qualifications often perform as poorly as some of the least educated people in the organization. I documented this phenonenom with junior level agrucultural extension workers in Kenya. The Ministry of Agriculture wanted to require a minimum of secondary education for agricultural extension work, yet we were able to document that maximum performance came with people who had only finished primary school. There were lower levels of performance for those who hadn't finished primary school, but also lower levels of performance for those who had gone to secondary school.

This kind of curvilinear problem also occurs for different educational levels in administrative systems. One often hears people from the field talk about how someone with a Ph.D. can never really be trusted to do the work that is needed--that is just another aspect of this curvilinear phenomena at a different level in the system. The reasons for this are not that more education, or more formal training is bad, but because we have failed to consider the ways in which it interacts with a number of other variables in the system--in particular, that education creates higher expectations. It is one thing for a person to have higher competence for a job, and it's another thing to be motivated to do it. We very frequently find situations in which people with high levels of training feel that they have already earned a right to a salary and job security, independent of any effort required to do their job. On the other hand, people with lesser educational qualifications--who feel they are being judged by performance rather than by their ascriptive right of education--often perform far higher than their colleagues with more educational credentials. In other words, it's not that training is undesirable in its own right, but that it must be linked together with a system that is going to continue to use people, to challenge people, and to reward people for good performance to get out of them what is put in them.

The final area of training that I want to call attention to has been referred to as "non-formal" education. In other words, it is job specific, ongoing training. Our work in Kenya indicated that the return in performance on short course continuing education efforts for agricultural staff are at least as high as pre-job formal education. There is at least as high a return--at much less expense--from putting people through a three day course every two years or so, as there is from putting somebody through a three year formal education institution.

The second area I want to talk about is managerial reforms in general. In the 1950s and early 1960s the major adminstrative efforts, on the part of AID in particular, were to try to recreate the great triumphs of American and western administrative reform in the LDCs: to try to put in place planning systems, budgeting systems, civil service personnel systems,

data collection systems, etc. Often, attempts to institutionalize these systems met with tremendous resistance. Other times the forms of the systems were accepted, but their purpose was subverted. Part of the reason for this is that generalized systems like these impacted upon the whole range of the functions of the state, some of which didn't have very much to do with the development per se. The negative consequences of putting in place some of these grand administrative reforms are sometimes very high for politicians in the developing countries. The reforms tear apart the political system on which the politicians depend for their continued existence. If patronage is cut out in many political systems, politicians would be unable to sustain themselves. Highly formalized budgeting systems--not only in the LDCs but in the United States as well--have often excluded politicians from the allocation process, rather than permitting them to participate actively in it.

Now we have come to focus much more narrowly upon sectoral administrative reform in areas in which there is going to be direct developmental impact. This has the advantage of permitting us to leave alone, for the time being, some of the sectors that are politically highly sensitive. Recent trends in sectoral administration have been toward very detailed attention to a range of small administrative issues within developing country ministries. There are two major issues which are a constant problem. One is providing for a problem-identifying and a problem-solving capacity within the system to give it the kind of flexibility it needs to proceed and adapt to critical problems as they arise in the field. The second problem is to try to create the kinds of systems that can take advantage of the manifest need for using paraprofessional personnel. We have demands for high level manpower that are absolutely unattainable. However, if we allow a purely flexible and adaptive system that is staffed primarily by paraprofessionals to run in a totally unstructured, do-as-you-think-is-best mode, it tends to disintegrate, to lapse into lethargy, and not to get very much done. We need to find creative ways to bring together these two sometimes contradictory needs of our administrative systems.

The systems developed more recently have been attempts to dramatically tighten the administrative system at the bottom. One of the major examples has been Daniel Benor's "Training and Visit" System which has been implemented in India and other places through the World Bank. The idea is to give a great deal of attention to the details of how people are going about their work, while at the same time decentralizing much of the problem identification and adaptive capacities of the system. These administrative systems can serve the paraprofessional in the same way that a very well designed curriculum can serve a teacher who is new to the job and who is not qualified enough to design a curriculum. These systems can serve as a support for people who are otherwise quite overwhelmed by the complexities of the tasks that face them and can provide them with a framework within which to work. It gives the administrators a set of formulae for dealing with the routine and predictable parts of their work; at the same time, it leaves them some mental energy for dealing with the unpredictable, non-routine crises that inevitably arise.

Generally, increased attention to detail and tightening of procedures, at the very base of the system, accompany programs of decentralization. That at first appears paradoxical but, in fact, these steps are complementary. As the system is tightened somewhat, there is an increased need to build a strong adaptive capacity into it. The objective is to decentralize to that level in the system where there is the professional competence necessary for people to make creative, intelligent, adaptive decisions about changes, crises, and unpredictable elements within the environment in which they operate. To perform that adaptive role, these people need a set of procedures for dealing with the entire range of routine administrative activities so that they can be free for the creative part of their work. There is strong empirical support for this. We not only need to create highly localized, adaptive, decentralized, decision-making capabilities, but we also need to give real attention to the details of the administrative systems operating within those decentralized units.

Excerpts from Discussion Following Panel Presentations

QUESTION:

I'd like to make some comments based on my experience in Bolivia and then ask some questions about education. First of all, high quality education is as important as informal training. In some ways, we need this even more for development. But, it's very difficult to tell which level of education is sufficient; maybe a Bachelor of Science or a Master's, or maybe a Ph.D. Another problem is choosing which people to receive the limited funds for higher education. The criteria for selection is usually the responsibility of the government. The selection process is really a terrible problem because if the government has the responsibility for selecting people, political factors will influence the decision. On the other hand, after finishing their education, most of these people come back to the country, and they don't know what to do there because of rising expectations (for higher salaries or maybe better jobs). Nobody takes into account that once they come back they can get completely isolated, so that after some time they leave for better jobs in private companies or maybe in organizations like the World Bank.

COMMENT:

Often there are those who are trained as nurses, agronomists, or what have you, but their degree is not recognized by the Saudis, Kuwaitis, or other people of the Middle East as a valuable commodity that they can translate in their own society. So, we have 80 percent out-migration for some of these positions.

QUESTION:

Is there any further comment on this problem of selection?

ANSWER:

I think there is indeed a serious problem of countries losing professional staff. But, I also think that countries have to consider the issues of remuneration of government officials. If a society chooses to try to organize "key" activities through the government, then it must either decide to impose a tax on the people whom it wants to work in the public sector, or it can ask the World Bank, AID, Mobil, Exxon, and Citibank to say "If the people are from the Third World, we will give them 50 percent of the salaries that Western employees get." I wouldn't advise the latter, but it seems to be implied by the arguments that have been given. The other alternative is to say "Look, people from the Third World have the right to live by international standards of remuneration; if they meet international academic standards, they therefore have right of access

to the international market." Developing countries desperately need skilled people to run governments, to run countries, and to take on those responsibilities. And to attract and keep skilled people, you will have to give them incentives commensurate with their skills.

QUESTION:

I would like to make a passing remark about the concept of effective education that was implied in the presentation. It was stated that the benefits of short term, on-the-job education are greater than, or at least equal to, benefits of a three-year program. I suppose these benefits are not relative to the cost. Do you have any data on that, or any hard evidence on that, which is rather significant?

ANSWER:

Yes I do. I don't think it would be helpful for me to give that evidence now, and bore us all with statistics. But, I would like to make one qualifying comment on the ways in which my provocative remarks have been taken. With respect to "brain-drains," I think that part of the problem is that there are highly qualified people who let their brains rot in the offices where they sit. Our problem isn't just with those who are fleeing, it's also with those who are staying behind and who think that because they've got a degree from "X" place, they can live out the rest of their lives in luxury without doing anything else with it. The problem that we have is figuring out how we can use that competence once it has been created. How can we tap it? How can we reward somebody not for the fact that they knew an Assistant Minister six years ago, who gave them a scholarship to go to the United States, but for the fact that they know how to use what it is that they've learned? There must be recognition for quality and performance. People should get promoted in systems because of the actual work that they're doing, not because of the degrees they have. We must figure out ways of using people who have somewhat less in the way of formal degrees, but who have large amounts of experience. In other words, we should look for large amounts of "useful insight" into the way in which things are actually being done in a particular place. These are the ways in which I think that we can deal with a part of the problem.

The other thing that I want to emphasize is that I accept the fact that we need formal educational programs. But, we also need at least as much in the way of continuing education. We need to recognize the high returns to "training investments" low in the system and to non-formal training low in the system. We tend to become tied-up only with those forms of education that we export people for and forget that some of the biggest returns are on low level, in-place training. Training is one of several management instruments, although it is most often treated as something that is good for its own sake, independent of the context in which it is

going to be used. I would argue that we need to pay more attention to the conscious utilization of training--particularly in-service training--as a management device, because the returns on it are extraordinarily high.

QUESTION:

In regard to your response and your emphasis on long-term training versus short-term training, could you be a little more precise as far as the cost comparisons for each type of training available: technical training, extension-type training, professional training, etc.? Also, can you specify the types of benefits in relation to specific training? Is it possible that you are over-generalizing?

ANSWER:

The major curvilinear effect was found most dramatically with respect to general education. The context in which I did all this work was one in which the Kenyan government had classified everybody with only primary education as "untrainable". I was trying to demonstrate to them that, in fact, the "untrainable people" had learned much more than the trainable people whom they were recruiting. There were a couple of different measures: I tried both the actual amount of detailed agricultural information the people were carrying and also the extent to which they understood what it was they were saying. A curvilinear relationship was clear in both factors with respect to general education.

The effect of technical training--in other words, certification from an agricultural institute--on these measures was equal to the peak of the effect for general education. The effect of that kind of training was different between two different arms of the Ministry of Agriculture, one of which was perceived as having a strong program of upward mobility for people who did a good job in the field, and the other of which was perceived as rewarding people only for seniority and formal training. The arm that was perceived as rewarding people for high performance got very high performance out of their people who received technical training. The arm that was perceived as rewarding people for seniority and formal qualifications got very low performance out of the people who had technical training. This doesn't mean that technical training was wasted for this second arm. It wasn't, but the performance from these people wasn't nearly as high as it might have been otherwise.

In addition, three-day short courses, once a year or once every two years, were found to have an effect equal to that of either formal education or agricultural training taken alone. The three-day course, by itself, was equal to the effect of two years in an agricultural institution.

QUESTION:

I just want to remind everyone of the obvious: supply doesn't create its own demand. We have been discussing the impact of education on the brain-drain, but the brain-drain is just the symptom of the lack of capacity to absorb people who have the capability to participate in the development process. The other side of this coin is intellectual unemployment. The demand side is the really important side. The development task is indeed the creation of demand. Supply, in my opinion is a response to demand. Can anyone challenge that?

ANSWER:

Yes, especially in the Middle East. It's certainly not a problem of demand as much as it is value conflict, or value preference, that may be imperative in some of the kinds of values that are inculcated in training.

QUESTION:

I have a question regarding a comment about three speakers back. When you were talking about identifying local agencies for involvement in projects, did you have the problems because you wanted to involve them in a project that would probably be government sponsored, and that in the process of involving them with the government, you stifled them.

ANSWER:

Out of the 14 organizations we identified, our recommendations for most were to leave them alone because they were involved in specialized marketing activities, like the Banana Growers Association. There were some other organizations that we said the projects shouldn't get involved with--such as church groups, PTA groups, youth clubs, etc.--either because there wasn't the mass participation in those organizations or because, like you said, we felt that the government coming in might somehow twist the original functions of these organizations and peoples' motives for joining. On the other hand, the problem with the Jamaica Agricultural Society (JAS), the organization that we picked for participation in the project, was that the government had already undermined it 25 years ago. Several local level branches of the JAS still existed, but over the years since 1951, the government had taken away its general role in extension and supply of agricultural inputs (pesticides, herbicides, and fertilizer). One of the goals of the project is to revitalize the JAS by giving them something to do. So, this is really the opposite kind of situation from what you asked about: instead of the project stifling these local organizations, the object is to revitalize them.

COMMENT:

I would like to go back to the question that was raised about the location of projects and the most effective way to implement projects by sharing the experience we at PCI have had recently in the same areas. The major problem in many of the areas where we have been working is not necessarily one of choosing an appropriate geographical location. The fundamental issue is how to get people who come at the project from a variety of different dimensions and yet whose cooperative efforts are required to realize the goals of the projects to work together. We've found that the real problem may simply be an absence of the kinds of organizational structures and forms that help people to cooperate in that way. When the facilitating structures are provided, people are quite willing to work together. Seeing this as strictly a question of incentives is, in a sense, a more cynical interpretation than is necessary. I would like to add the observation that we have not been much more successful in this country in solving this problem than people have been in developing countries.

COMMENT:

I want to give an example from Liberia about public versus private control of local organizations. For a long time, all of the education in Liberia was controlled by private organizations. There were four churches: Episcopal, Methodist, African Methodist Episcopal, and Baptist. Every bit of education was done by these organizations. The Episcopal Church had thirteen primary schools located all through Liberia, the African Methodist Episcopal Church had five primary schools, and the Baptist Church had two elementaries and two schools in the interior of Liberia. The Episcopal Church had a four-year college in the interior of Liberia. After a period of time, the government started subsidizing all of these schools. As late as 1975 the government had finally taken over all of the other schools in the interior, except for three of the Episcopal Church schools. In addition, the Lutherans and the Baptists were each running hospitals in the interior. The government is now subsidizing the Lutheran hospital. The Baptist hospital was combined with the medical program that AID has funded in Liberia for some time; it is now the maternity section of the total medical program. My point is that without the initial funding by private organizations, the government would not have anything to do. Compare this to what was said about what is happening to JAS in Jamaica. If I understand it correctly, JAS was performing some functions in the past that the government then decided it should be doing, so it took these functions over from JAS. Now we are in the stage where JAS is trying to do these functions again because government cannot do them.

COMMENT:

I think a better example is where we had a particular private company in a Central American country which provided services to the agricultural sector much better than any government organization. This company provided technical assistance to small farmers, provided them with minimum price supports, private fertilizers, all the technology they needed ...far better than the 20 government organizations which would have been needed to cover the program. There are certain functions--not necessarily all that AID does--that the private sector can do better. Sometimes we complain about the private sector, but I would submit that the public sector is even worse for many of the activities undertaken. Because we are accustomed to dealing with governments, we tend to ignore or not want to get involved in promoting this kind of private activity.

COMMENT:

I would like to bring back in perspective the relationship between the United States government and the governments we are dealing with. I am, of course, speaking strictly from an AID standpoint and from a legalistic standpoint because I was previously with the General Council's Office of AID. It's easy to forget the fact that we are a government-to-government organization. Many times in our exuberance to try to work through organizations that we are not connected with the government, we forget that most of the time we are operating under a bilateral agreement with that government. Therefore, we have to be sure that the host government is very aware of the kinds of things we support within the jurisdiction that they have sovereignty over. My first point is only that we have to keep this in mind; I'm not saying that we have to work only with governments. Of course, there are other organizations that AID can support. Secondly, I would like to comment on training, and here I am speaking from the perspective of my present position with the Legislative Office of AID. This year, the Senate put into the Foreign Assistance bill a formula that would require that 25 percent of the funding for participant training be used for participants who were selected outside of government channels. The basic concept is probably good; I think most people would agree that we should try to get some selection done on an independent basis. But, even with this requirement, the host government may still have ways of controlling who the participants will be. For instance, they have the power to grant--or to withhold--exit visas. So, we are working now with the Senate Appropriations Committee on that issue, and we may be able to get it deleted from the bill. The issue is very much in the minds of the Congress; I think it is one that AID will be addressing, perhaps through pilot programs in a few countries to start.

COMMENT:

Let me make just two quick comments in regard to the use of local organizations. Among other dangers, there are two real dangers everyone

should be aware of. One of them is the one that was mentioned just before: associating with the government can either taint the organizations or rechannel them away from their original purpose. But, there is another danger that if a local organization becomes too dependent on the government or on a specific development project , or fertilizer, or other kinds of inputs, then once the project leaves, this organization may not have the capacity to carry on by itself. Therefore, along with the goal of using local organizations, there should be the complementary goal of self-reliance, or self-help, or whatever you want to call it. Otherwise, whatever organization you are building up is not going to go beyond the life of the project.

QUESTION:

I would like to get some views in connection with project implementation. One gets the impression that most of the projects in less developed countries are coordinated by specific agencies, and that most of these projects are more or less interrelated. Being an officer from a developing country, I know that things are not that simple. We get aid from all different corners of the world. The problem becomes one of trying to integrate all of these sources--how to implement projects when each donor agency has different views on the best way to do so. So, I would like to get some different viewpoints from you on how to work it out with others, because I feel that this is one of the major obstacles to getting anything done.

ANSWER:

Let me first mention what some donor countries have done in regard to this problem in the past. One of the favorite tricks is to divide the target country up and say, "This portion belongs to the Canadians, and this portion is for the United States," and then go at it and see what happens. What usually happens is a series of disasters. There is another way that I think might hold some promise, which is to use regional planning as a tool to identify the opportunities existing within a fairly large area of the country and then, as a second step, to plan some discrete projects. Then, you have something that you can approach donors with; you can say "We have thought about the larger area, we know this would complement the larger area, so would you be interested in doing this specific project?" Then you have a little better control over what goes on--rather than just saying to the donors "What can you give us?" You have some things identified that would fit into an overall regional plan.

COMMENT:

I would like to address the point about coordination of donors. One can question whether the so-called "donor community" in the developed countries really understands the problems of the rural areas of the Third World.

It might be beneficial if Third World countries requested consulting assistance about how to manage the donor community. I think it is very important that they see what different donors really have to offer, what kinds of "strings come attached" to different types of aid, and what different donors are good at. I think that this would be a terribly important service that consulting firms or individuals could develop and provide.

COMMENT:

I have a great deal of sympathy for the gentlemen who questioned the use of donors, or the advice of the donors, because I was on the staff of my country's Director General of Economic Planning for two years. This man was subjected to tremendous pressures on the part of donors and various governments--AID was one, the Canadians (CIDA) were another, and Scandinavia was another. The Economic Planning Unit, in conjunction with its various ministries, developed a plan. But in spite of all our work on this, donor agencies attempted to by-pass the Planning Unit by going out to the ministries and generating pressure back through the channels to the Economic Planning Unit.

CHAPTER 9

PUBLIC-SECTOR ISSUES

ping Local Capacity for Infrastructural, nd Resource Development in the Rural Sector

by

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arching issue concerning the development of local capa- it should be done through a series of specific invest- utional development--tied to tasks like construction of livery of social services, and management of natural re- ther a general local institutional capacity should be certain situations the former may be the preferred ap- usually more compatible with a "project approach" be- development projects are integrated efforts, and most r subsectoral focus of activity.

of promoting overall rural development, however, there is de for the latter. Some specialized organizational capa- necessary in any case, and general capacity could be atively from specific projects. But being clear about oping general local capacity to initiate and implement ivities seems important if various project undertakings n such an outcome. This may or may not be desired by the which greatly complicates the issue.

y speaking, local capacity can be developed by elaborating ng various local institutions and participatory roles. evant issues are:

ion

m and combination of local organizations will produce the y desired for rural development in specific circumstances?

extent can or should all tasks and functions be assigned anization like a local government? Is it better to have local organizations? If so, how would the respective tasks e coordinated? Some research indicates the value of hav- annels for local development activity.

to this is the extent to which local organizations eneous or heterogeneous with regard to socio-economic pensity of local elites to dominate and often exploit ions is widely reported. Homogenous organizations uned to the interests of the rural poor, but may also be

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as uninfluential as their members. Some combination of both kinds of organizations may be best, but exactly what mix and what division of tasks has to be determined. The same issue arises with respect to sex; whether or when special organizations for women are needed to promote more all-around development efforts.

To what extent can or should the organizations be governmental and statutory or private and voluntary? There are arguments to be made on both sides of this issue as each mode of organization has its advantages and disadvantages. Put somewhat differently, to what extent should they be formal or informal? The former may be easier to work with and more stable, but they can also be empty shells or elite playthings. The latter are more familiar to most rural people. They require less in the way of literacy and legal knowledge, but they can be ephemeral and also elite dominated. A related issue is whether governments can or should work with existing local organizations or set up new organizations. These issues cannot be resolved a priori but need much contextual analysis of the social situation and the tasks at hand.

The base-level organizational unit poses a particular problem with regard to size and homogeneity. If it is too small, it may not be very effective in terms of mobilizing and utilizing increased resources for development. If too large, it will lack the cohesiveness and common identity which gives purpose to group cooperation and action. The smaller the group, the more homogeneity as a rule, but taken to extremes there is little power created for development. Some solutions may be sought in multi-tiered organizations, combining or federating smaller units into larger entities for certain supporting purposes.

Decentralization

The issues relating to decentralization may be taken up in more detail in other papers, but it should be noted here that unless the government bureaucracy is appropriately decentralized, efforts at creating local capacity through active, effective local organizations will founder in most LDCs. Local organizations can build a platform on which rural people can stand to reach up to the bureaucracy and make their voices heard. But, the government has to be brought lower so that it is more accessible and can listen more consistently to what the people are saying. How decentralization is carried out constitutes a separate but related set of issues for increasing local capacity.

Paraprofessionals

To help bridge the gap between rural people and their government with regard to getting services and advice, training and support of some people in what has come to be called "paraprofessional" roles seems important. This is true in providing health care (preventive and curative),

in planning rural works or conservation measures, in disseminating agricultural technology, in spreading non-formal education, etc. Many issues can be identified in this area. Some of the most salient are:

- Should paraprofessionals be recruited from the community in which they are to serve even if their basic level of educational skills is lower? Should persons with somewhat more education be recruited from the outside, trained and then provided to the community?

- Should paraprofessionals be paid regular salaries, and if so, by whom? Or should they be purely volunteers? What mixes of rewards and incentives might be provided for good performance?

- How can an effective supervisory and supporting service system be set up and maintained? Evidence indicates that such a system is crucial for good paraprofessional performance.

Local Leadership

We find that participation in development programs, particularly by poorer sectors, is not very intensive nor effective unless there is active, supportive local leadership. Some important issues for building local capacity in this area include the following:

- Should program directors try to work with existing local leaders who usually represent the more well-endowed sectors of the community? Is there any alternative? What incentives might make such leaders more willing to get program benefits to the poorer sectors? How could leadership from these sections be encouraged?

- How can programs be designed so that persons having leadership qualities, by who lack literacy, numeracy, or other skills can be involved in carrying out the programs?

- What kinds of training will enhance the capacity of local leaders to mobilize local resources in development programs and to take the initiative in proposing development activities and in designing or redesigning them?

Turning to issues of participation, we find it important to differentiate several kinds of participation so that program analyses and actions can engage rural peoples' efforts more precisely and effectively. In particular, we would identify four main kinds of participation: in decision-

making, in implementation, in benefits, and in evaluation. Building local capacity involves providing some increases in each and all of these taken together. Some examples of issues pertaining to participation in this regard follow.

Participation in Decision Making

Whoever participates in decision making about development programs will have a marked influence on the distribution of benefits and on participation in program implementation. This can be seen in the delivery of social services, which are usually decided on and even "targetted" without involving rural people in any discussion of priorities and means. Such involvement can increase their understanding of what services can be provided and what benefits these can produce. To the extent that the mix, timing, or distribution of services can be tailored to better meet the needs rural people perceive, broader participation in program implementation and benefits can be expected. How to get such involvement is a difficult issue, however, because "felt needs" may not always be a good guide for resource allocation. For example, much analysis indicates that investment in preventive rather than curative health measures yields more benefits to community health in the long run, but participation by rural people in decision making is likely to bias programs toward curative health.

Participation in Implementation

Most government programs have cast rural people only in the role of program "recipients," not participants. This may be seen particularly in resource conservation measures where people are expected to abide by government regulations concerning forest cutting, terrace construction, etc. We find that the amount of government staff and funds are much too meager to have a significant impact, unless rural people take upon themselves certain responsibilities for planning, guarding, rebuilding, etc. How to get such participation, again, is a difficult issue because not all members of a community may benefit equally from preserving common forest, or benefits may be more to a future generation than to the present one. There is a need for working more closely with established local community organizations and with greater respect for local customs than has been done in this area in the past.

Participation in Benefits

Most programs aim, or at least say they aim, at broad participation in benefits, but this is seldom achieved. We find with regard to rural public works, for example, that unless the decision making process is effectively democratized, the benefits will be skewed toward a minority who are more successful in determining the outcome of local council decisions or in influencing government officials and technicians. The roads,

canals, water pipes, etc. that result from this skewed process benefit mostly this influential minority. The poorer majority may have to contribute their labor (a form of implementation participation) for the greater benefit of this minority--or they may refrain from contributing, which undermines the whole program. Finding ways where there can be equitable and effective participation by the majority in rural planning and implementation so that they reap sufficient benefits from the activity poses a particular challenge for development program design.

Excerpts from Discussion Following Uphoff Presentation

QUESTION:

What made you decide that local organization was the important problem of rural development?

ANSWER:

Before we started our field research we spent a good deal of time examining the evolution of thinking about problems of development. When the foreign assistance enterprise was undertaken in the 1950's, one of the main concerns was the question of the transfer of technology from the rich countries to the poor countries. The question was how to bridge the technological gap between those countries that had advanced modern western technology and those that didn't. The notion was that if we could just transfer the technology from one to another, we could have development. It took us about ten years to conclude that wasn't quite the way to specify the problem, and so the "technology gap" sort of lost priority. A new school of thought seemed to emerge in the 1960's, that said that a "resource gap" was the real problem. Hollis Chenery, in particular, advocated resource gap analysis. He looked at the difference between government revenue and government expenditure, export earnings, and import requirements to try to figure out what resources are necessary to fill that gap and bring about development. Again, it took ten years to become somewhat disenchanted with that notion.

So, starting in the 1970's, and later as we began to do case studies, we came more and more to believe that there was something of an "organizational gap" needing to be addressed in the developing world. Those countries which had more successful rural development--both in terms of agricultural productivity gain, but also in terms of social welfare improvement--were those which had a system of local organizations with a high capacity to carry out programs of development. With this insight, bridging the "organizational gap" became a high priority. Now by that time, we were wise enough to realize that it wasn't just organization, as it hadn't just been technology or resources. We would not argue that this was the only answer, but it was an important part of what had been missing in many of the development efforts.

QUESTION:

What is the difference between what you call "developing local capacity" and rural development per se?

ANSWER:

I think that we can usefully think of local development as something which is different from rural development. Both are valid, legitmate concepts: rural development is more than local development, but local development is a necessary component of rural development. My position would be that there is no rural development without local development. By local development, I am talking about capacity at the village or community level for diagnosing problems, mobilizing resources internally, and acquiring and efficiently using resources from outside for a variety of development purposes.

QUESTION:

Could you just distinguish in your core element the range of local organizations and the involvement of local leaders?

ANSWER:

We need to distinguish between institutions and roles. The institutions which are the organs of central government can be made more accessible, more psychologically attuned to local situations, by using persons who are chosen for their ability to bridge the gap of communicating technical information. This set of persons we have called "paraprofessionals," whether they are in health, agriculture, etc. A second set of potential facilitators are the "local leaders" who speak for the community within the local organizations. A particular individual may be a member of both of these sets. Usually, the local leaders will also have some formal role, although sometimes they may be outside the formal structure of institutions. Both paraprofessionals and local leaders have different kinds of functions: the first more technical and service oriented, and the second more political and mobilization oriented--or demobilization oriented, as the case may be.

QUESTIONS:

Could you distinguish the difference between "area development" with a healthy input of institution building of the local organizations and the concept of local development as you have defined it. Is there any great difference?

ANSWER:

There is not really any great difference, unless by area development you mean regional development. If you refer to area development as something much more area-specific than an entire region, and you make local institution building a high priority, then that is what I have been talking about all along.

QUESTION:

In dealing with the local level of participation in the leadership cycle, do you get any feeling that "old blood" or "new blood," in terms of paraprofessionals, has a more limiting or less limiting role in productive activities?

ANSWER:

That is one of the hypotheses we are looking at. So far, we are starting to gather data in Jamaica and in Yemen, and we can make some of these kinds of comparisons. In Sri Lanka, where I have already done some of this work, I can't make any generalizations about the kind of leadership that one can draw upon in local development. In some villages the priest was crucial; for example, he was the best single explanation of why work was being done or not being done in a village. Sometimes the village elders were very progressive; other times they were part of the problem. So as yet from my own micro studies, I can't come up with any good generalizations on factors such as age, social role, etc., but we are going to keep trying to see if we can get some.

Issues of Administrative Decentralization

by

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Today I would like to give you a brief overview of current thinking on the major questions of administrative decentralization and decentralized planning. I am going to restrict myself to the decentralization of planning and administrative authority from the top down. I know very well that there is also a component of building from the bottom up, which is absolutely essential, but I don't want to deal with that right now because it will be dealt with in other places, and because I want to talk about how to decentralize some of the power and authority for planning and decision making from central governments to promote rural development.

This "state of the art" review is based on a great deal of work I have been doing over the past couple of years, looking at the policy documents of developing countries that have been trying to do this and looking at the academic research and evaluation studies done on attempts at decentralization. I would like to define decentralization in this way: the transfer or delegation of authority for planning, decision making, and management from the central government to subordinate units of the government, field organizations, or semi-autonomous organizations, or to local governments. There have been two patterns of decentralization practiced by governments in those countries which have tried it. The first is the functional pattern which deals with decentralization of very specific activities throughout a country. The second is the area pattern, where decentralization is implemented within specific jurisdictions of government or administration; i.e., regions, provinces, districts, muncipalities, etc.

Within this broad definition of decentralization there also generally have been three forms of decentralization tried within developing countries. The first, and probably the most widespread, is "deconcentration." Deconcentration is basically a redistribution of planning or decision making and management responsibilities within the central government structure. A number of methods of deconcentration have been tried, the least expansive of which has simply been a shifting of workload. That is, instead of everything being done in the national capital by a particular ministry, the ministry delegates some workload out to its provincial branches. However, not much decision-making authority is transferred out along with it. The routine tasks are transferred without much discretionary control being given up.

The second method of deconcentration is the creation of field agencies and the adaption of central guidelines. A good deal more discretion is transferred to ministry agencies in the field. The third method is local administration. Two variations of the local administration method have been tried: integrated and unintegrated. The integrated variation is where a district or province chief, or commissioner who is appointed by the central authority, coordinates the work of the ministries in the field. The unintegrated variation of local administration that appears in a number of developing countries is where the head of the local jurisdiction has general administrative authority but does not have authority over the field representatives of the ministries in his local jurisdiction.

A second major form of decentralization is called "delegation." This involves transferring the responsibility to perform vital management functions to organizations that are not wholly under the control of the central government, but where the central government does maintain some supervisory monitoring power. Authority is usually transferred to organizations like public corporations, regional development authorities, special function authorities, and even project implementation units.

The third form of decentralization that seems to be found in very many countries is "devolution." This is where the authority for planning and managing certain functions is transferred almost entirely to autonomous or semi-autonomous jurisdictions within the country. Usually it takes the form of local governments, although there is some variance from country to country. Some countries simply say that local governments now have a particular set of responsibilities--they have to raise the money, they have to form the administrative structure--while other countries maintain some limited forms of supervision.

I prefer to look at these three forms of decentralization as points on a continuum instead of distinctly separate forms because there are mixes in almost every country with different emphases and with different degrees of importance attached to them. But, it is important to keep in mind the distinctions, because if you talk about decentralization to someone who has in his head the concept of deconcentration, and you have in mind devolution, there are bound to be disagreements.

Let me summarize for you some of the arguments of those countries attempting decentralization and of those people in the international assistance agencies who have been promoting decentralization as part of the rural development effort. A number of arguments have been made about why we need to decentralize planning and decision making. Perhaps the strongest argument to be made in this context is that we have witnessed a quarter of a century of centralized planning and management, and the results have not been very impressive. The impact of central development plans on the promotion and stimulation of development in rural

areas has been very low. The ability of central planners to influence the allocation of resources and investment decision making has not been very great in most developing countries. The whole process ends up as a slick-looking plan on paper which nobody reads. Decentralization is seen as a means of overcoming the severe limitations of multi-sector, macro-economic planning in developing countries by transferring the responsibility for planning and decision making to lower levels of government where people are closer to the problems and can understand them better.

A second argument is that regions or subnational areas provide a base for disaggregating national development plans so they can be made more meaningful, and at the same time provide a base for coordinating sectorally-oriented technical plans and programs so that they make sense within a certain jurisdiction. Another argument made for decentralization is that it is one means of cutting through, or at least alleviating, the massive red tape and highly bureaucratic procedures seeming to be the inevitable result of concentrating the planning and management functions in the central authority within the national capital. A related argument is that decentralization is a means of increasing the efficiency of the central government for those functions truly national in nature by relieving the central administrators and decision makers of an entire set of routine or local tasks that could be performed better in the field. Other arguments made for decentralization are that it allows local level administrators, planners, and managers more freedom to experiment with new or innovative ideas or projects without having to justify those ideas or projects for the country as a whole. It also allows them to tailor programs and projects to local conditions.

Another argument often given for decentralizing functions which are currently the responsibility of the central authority is that this will help to develop local capacity. The idea is that the local administrative capacity can be built if people practice planning and management, and are given the responsibility to do them. Decentralization has also been offered as an important way of reducing the diseconomies of scale in the production of public goods in the highly centralized technical ministries of the national capital. There is a point where the technical ministries become more and more inefficient as they become larger and larger, and so the idea is to decentralize planning and management so that the ministries are scaled downward to their optimal size.

Decentralization of planning and management is also seen as a way of getting at the problems of spatial allocation of investments in rural areas because it builds up the spatial linkages and the settlement patterns in an articulated and integrated way that will lead to more productive economic activities within rural areas. So, these are the reasons why an increasing number of governments are beginning to look at the importance of decentralized planning and management in relationship to rural development.

In our studies of those countries which have attempted decentralization, we have begun to draw out some lessons about what the conditions or preconditions seem to be to make it work. We have come up with four sets of conditions that seem to be necessary to make decentralization work. These are:

- very strong political and administrative support from national political leaders and bureaucratic leaders,
- a clearly defined set of decentralization policies and procedures,
- strong local resources and administrative capacities, and
- certain environmental conditions that seem to be conducive to decentralized planning and management.

Concerning the category of administrative and political support, I think it has become very clear that there needs to be fairly active and continuous support from national political leaders for the transferring of the authority to do planning and management at sub-national levels. In those countries where that support does not exist, the decentralization has not gotten very far. This is something that is not given easily in most developing countries with strong centralist traditions, and it has been an obstacle in many countries that have tried to decentralize planning and administration. Related to that is a strong need for administrative support from the central ministries. As said earlier, decentralized management and planning is not very effective unless it is linked up and supported by central ministries to perform the highly technical functions and to assist local decision makers to perform in these functions. There are a whole range of things that central ministries have more access to than the local administrative structures--staffing, technical assistance, equipment, and vehicles. These must be transferred along with the power and authority to do planning and management.

Local elites can also be a major obstacle to decentralization. People in traditional positions of authority do not look on decentralization very favorably in many countries. How these people can be co-opted into the decentralization process is an extremely important issue. Within this cluster of activity which I am calling political and administrative support, there must be political mechanisms by which local leaders can express their plans and needs. This usually requires some kind of organization at the local level to encourage political participation. We have got to find ways of increasing the levels of trust between rural people and government officials, which tends to be extremely low in most developing countries and tends to be an obstacle to real decentralized planning and administration. Local people very often don't trust government officials at any level, and government officials often times scorn the participation of rural people. As long as there is this gap in trust, decentralization is not going to work very well.

A second set of conditions that seems to be important is clearly defined decentralization policies and procedures. In those countries that do not have clearly defined policies and procedures for decentralization, there is a great deal of ambiguity about what decentralization means, and participation is not very effective. This means that there must be a clear and appropriate allocation of functions among levels. It does very little good to transfer power and authority of functions to local units that don't have the capacity to carry out these functions. There must also be some flexibility for reallocating functions as the resources and capacities of local jurisdictions change over time. The relationships between the different levels of government need to be clearly defined: what the central government does, what the regional organizations should be, etc.; if the responsibilities of each level are not clearly defined, decentralization turns out to be not very effective.

A third set of conditions that seems to be critical to the success of decentralization is strong local resources and administrative capacity. Among the most important factors are adequate authority to raise revenues at the local level and mechanisms for transferring funds from the central governments (which, at the initial stages of decentralization can be more effective at taxing and revenue-raising than the local units). There also needs to be a strengthening of leadership so that there is a countervailing force at the local level which can deal with the central government agencies on a reciprocal basis. If decentralization is only seen as a way of the central government to penetrate the localities in a stronger way, it isn't really decentralization. Reliable and effective delivery of services by the local levels to the people in that locality is also a prerequisite. In addition, as Cornell's field work has pointed out, there have to be multiple and varied non-government supporting institutions at the local level to support local administrative units in the whole enterprise of rural development.

And finally, there seem to be a set of what I will call environmental conditions conducive to decentralized planning and administration. One is a minimally adequate level of physical infrastructure, transportation, and communication linkages. Where rural areas are isolated, where populations are scattered, where there is no capacity for communication and interaction, decentralized planning and management tends to be less effective. Secondly, there need to be organizational linkages and channels of interaction both vertical and horizontal, if decentralized planning and management are not to end up in regional provincialism, fragmentation, and enclave development. I think the Cornell research has pointed this out very clearly. I would take it one step further and say that there must be an articulated and integrated settlement system, i.e., a spatial structure conducive to interaction, to the dissemination of inputs for agricultural development, for the delivery of services and for marketing. These substantive concerns are

related to decision-making and are extremely important. In those areas which do not have articulated and integrated settlement systems, the ability to do decentralized planning and management is weakened.

So in a nutshell, perhaps very superficially, that is the "state of the art" of decentralization. Hopefully in our discussions we can begin testing some of these ideas against our experiences in the field and begin to see which of these conditions are essential, which have to be pre-conditions, which ones have to be developed for decentralization to take place, and which ones are only important in particular countries or during particular stages in the development process.

Excerpts from Discussion Following Rondinelli Presentation

COMMENT:

I'd just like to say, Dennis, with all due respect, that I think you're falling into the same trap that we were talking about yesterday. I can't believe that the conditions that you have outlined for the success of decentralization are achievable in any country. Your conceptualization of decentralization is vulnerable to the same criticism that you made about national planning, which is that it has been a failure in most developing countries. The impetus of national planning came from places like the World Bank, which said to the developing countries "You can't have the money unless you have a national plan." "Ask and ye shall receive: here's your national plan." The next thing we know, that does not work, and we're in the claws of a self-fulfilling prophesy: "What you really need is decentralization...." "Ask and ye shall receive: here it is." However, decentralization in the countries we are working with requires national self-abnegation. Most of the decentralization that occurs in the developing countries is a gift from the people who don't want to give it; it has to be an act of the central government. The amount of discussions, persuasion, etc. that has to go on in some of our efforts borders on the ridiculous. The decentralized power structure in some of the countries that we often point to as examples is largely due to the fact that the nation existed before the state in these countries, and that the state's evolution came as a transfer of authority from the local level, such as in the federal system in the U.S. Now, in most of the developing countries we expect decentralization to take place in the opposite sequence: a transfer of authority from the central to the local level. How many countries with tribal and linguistic divisions and pockets of irredentist nationalism, are going to stand up and say: "what we need is decentralization"?

QUESTION:

Your comment links back to something said earlier about the period of attention to the technology gap, then the period of attention to the resource gap, and now the period of attention to the organization gap. But is the organization gap going to become an ideology in its own right? Or is there some new ideology of the 1980's that we should be searching for or some synthesis of these prior ideas that we ought to be searching for? I think that is the question being raised.

COMMENT:

Let me clarify two things. Although I do agree with a good deal of what has been said, I am not offering decentralization as a panacea. It is one of the sets of things that we have got to consider if we are going to get at that target group which is AID's mandate. It seems to me that the highly centralized approaches have not worked very well, and so we have got to begin considering alternative approaches. These decentralized approaches are things that developing countries in many parts of the world are beginning to look at. To derive the four sets of conditions, I looked through all the evaluation reports and the literature on decentralization to see what factors have been identified as obstacles to decentralization. I then defined the "conditions" for the success of decentralization as the absence of these previously identified obstacles. Now obviously these whole sets are not going to be the conditions in every country, but it is a checklist of things that should be looked at if we are dealing with decentralization.

My final clarifying comment is that I basically agree that central governments anywhere are not going to give away much power; they don't do it in the United States, and they don't do it any place else. So, there has got to be a major effort of building from the bottom up for the local units to begin taking power and resources that are now concentrated in the central government. But, in addition to this, there has also got to be a corresponding decentralization of power, however limited it is. These two efforts have to meet somewhere for planning and management to be more dispersed and decentralized within a political system.

QUESTION:

What are the possibilities of having one administrative organization that covers all levels of society? Is this a feasible concept?

ANSWER:

It has been tried in some countries, and it works to the extent that the central authorities are willing to recognize, in a meaningful way, the participation of the people at the lower levels of administration.

QUESTION:

Do you really feel that it is ever possible to have this delegation of power to the local level?

COMMENT:

Yes. There are countries that have delegated certain functions to the local level and witnessed a combination of these other conditions. The Taiwanese situation is, I think, an excellent example of the successful delegation of certain functions down to local units of administration and to non-governmental organizations that worked with local units and have done fairly well at it. A number of countries in East Asia have also delegated or devolved functions. These actions were limited in scope, but they were related to the capacity of the people at the local levels to carry them out. This appropriate allocation of functions is extremely important. Everything cannot be delegated at once; there has got to be an intelligent analysis of what local people can do and do well at any given period of time.

QUESTION:

That's part of his question, can you ever delegate all of the powers? What you are saying is there are some which cannot be delegated. Could you specify which can be delegated more easily and which are more difficult?

ANSWER:

It's country-specific. It depends so much on the conditions of the country that it would be folly to come up with a universal prescription of what things ought to be decentralized and to what level without looking very carefully at the relative capacities and resource distribution.

COMMENT:

As a Tanzanian I have a very good impression about the comments of this gentleman. I would also like to applaud the other speakers--I feel this session is so important for AID. If AID is going to be successful in helping the developing countries, one of the basic things which it needs to focus on is the establishment of some form of government machinery, or administrative delivery system, in the developing country. Now, for those who are not familiar with Tanzania: Tanzania is a developing country with all the problems that the gentleman here was speaking about--260 tribes, different languages (although fortunately we have Swahili and English as common languages), and we have been a British colony. When the British were there, they instituted what they called "local government." After we took our independence, we built our government the same way. So there were the local govern-

ments, and the central government. We have asked one American corporation, known as the McKenzie Corporation, to help us in Tanzania to establish a decentralized form of government. We think it is working very successfully. The gentleman here put it very clearly: it depends on government, and it depends on the type of country. Now, there are some developing countries that are really trying to help democracy by decentralizing the government machinery to the people in the villages. In this way, the rural people will be involved in the planning process, because rural development is critical for the overall development.

So, I just want to say that this session is very important. If you people want to help us in all areas, just don't "pour" your aid with biases. Then you are draining the aid, because some developing countries are inflicted with so many problems that they just don't have the machinery to transmit the aid. In Tanzania we have decentralization within the three forms, and we found that it is working very successfully. We still have problems like how to coordinate things vertically and horizontally. But, this type of thing we have to believe in. If you want to involve the rural people in development, how else do you do it? And to just generalize about all the developing countries, that because they have so many tribes, that because there are so many coup d'etats, that they cannot be decentralized--it's not true! This is over-generalizing!

Governmental and Non-governmental Organizations: What is Their Role in Rural Development

by

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My favorite story about the donor-developing country relationship and the government agency helping the farmer goes like this: The pig and the chicken were going down the road, and they went by the local community fair which was trying to raise funds for community projects. The chicken said to the pig, "We should go and make a contribution to this fair." The pig was horrified and said "No Sir! For you it's a contribution, but for me it's a total commitment!"

This is just like the relationship of the government agency to the farmer who says, "Take our new techniques, and you will be well-off." The farmer thinks "That's a commitment from me that may mean my life." This is also very similar to the relationship between the donor and the developing country. One of my fears in this Conference is that if we talk about local participation, and we talk about decentralization, then we become over focused and thus are left with an unbalanced perspective of the overall picture. There is just no way that decisions are going to be made by government agencies and local organizations to bring about the changes we are talking about in an adequate way.

My first concern is that inadequate attention is being paid by developing countries to national economic and political policy issues to create an appropriate national framework for rural development. In some developing countries there has been gross mismanagement of the resources, severe economic destabilization, and inflation between 100 and 200 percent. A couple of countries in Africa face this situation now. The impact of these macro problems on rural development makes one realize that nothing that we do in the rural areas is going to succeed, in spite of how they do in their own right, unless the macro environment is supportive of that effort. While one always tries to point the finger at the developing countries' policies, it is also necessary to point the finger at the donor. I think that we should recommend that a higher priority be given to creating the national policy framework necessary for a successful rural development effort.

In those countries where we think there is good management, we tend to overlook these considerations. And yet, international economic trends and trends within the government begin to shift internal economic factors in very subtle ways--to the point where we find that the whole incentive structure is being badly distorted. Tanzania is a case in

point; here is a government that has an excellent policy of concern for the rural poor and takes decentralization very seriously. Yet, it is also a country where the international economic trends, as well as the internal pressures, are beginning to shift the economic environment so that not all of the efforts at decentralization are going to succeed. They don't have the foreign exchange to buy the tires that are needed to get extension vehicles out to the farmer, for example. The same kind of setbacks are happening today in all of those countries where there is mismanagement of the economy.

Some people say that AID can't work in this area, that it's not our business. This is not true. I know that our Congressional mandate favors small projects and work in rural areas, but the fact is that we are concerned (and perhaps we should be even more concerned) with the broad economic resource picture. If we begin to neglect the national level focus because we are too enthusiastic about getting directly to the rural poor with our projects, we will find ourselves left "high and dry" while the town washes away after we leave. There will be nothing left; people will get disillusioned as they have in the past. The epitaph will be: "Rural development didn't work; let's try something else." Therefore, it is necessary to re-emphasize the importance of national economic policies and national development policies in creating an environment in which rural development can work. This recommendation applies to developing countries and to donor countries, both of which have been shifting away from this focus in the last few years.

There is a second area that I would like to comment on: support for national development institutions. In spite of their obvious importance, my sense is that inadequate attention is being given to the establishment of such institutions. If there is any area in which I feel AID worked best, particularly in Africa, it is in the institution building development efforts of the 1950's and 1960's. Then something happened; we moved away from these efforts into other subjects. Now our major thrust is direct service programs in the rural areas. The research institutions, training institutions, fertilizer systems, etc. are all being dabbled at, but there is not enough attention being given to these efforts by the developmental assistance agencies or by the countries. I am very concerned that in the whole process of creating local initiatives, including decentralization, we are not building the capacities within the governments, or countries, to sustain the support efforts. In agriculture, for example, there must be a system for the delivery of fertilizer, credit, and seed. The same problems arise for national health care. I remember visiting a country where the government representative, who grew up in an urban area, had been assigned to a very difficult village environment. It was quite clear just by talking to this person that he was completely out of place; he didn't know how to fit into the local community. There was neither the incentive system nor the support structure that would have enabled a professional person, much less a paraprofessional, to work effectively and be motivated to stay in the rural areas.

Three aspects of the national support effort should be emphasized, as follows:

Training

We are not doing enough, and the developing countries are not doing enough, to train a cadre of professionals for rural development programs and support systems. We talk about it; we say that training is fine, but when one goes out and looks at the institutions, one sees that they are not doing enough. They are not built up enough; they are not producing enough people; they are not producing them with the right orientation.

Technological Development Efforts

This effort is very inadequate. We constantly hear about rural development programs where people say "We don't have the technology. We are using what we know or what we happen to have, but we don't really have the technologies that apply." The entire mechanism for producing that technology is not well developed and is not being adequately supported. Sure, there are agricultural research institutions, but those that I've seen tend to be preoccupied with themselves and their own issues.

I once talked with an American-trained agricultural research officer who articulated the importance of relating to the farme communicating with the farmer, and having farm support systems, etc. However, he was very demoralized by the inertia of the in stitutions, which were probably created during the colonial period, toward doing research for research's sake. So, even though we do have research institutions for agriculture, they are very inadequately funded; they are poorly oriented toward the job that they are supposed to do; and they are not located in the environment where the job needs to be done. There has t be a great deal more decentralization of the technological development effort.

Income Production

Some agriculturalists set production targets and say "We must have so many acres of maize; we must have so many acres of millet. Our national targets say this is what we do," and the message goes down. They forget all about the income and incentive needed to stimulate production or else they provide certain subsidies, but the returns to the farmer are grossly inadequate. The entire question of generating income for the farmer and generating incomes for the village has really been neglecte On the other hand, the whole question of revenue generation

the local level is almost getting out of hand. The subject of recurring costs is becoming a major crisis point in many of these countries because the services we are developing out in the rural areas are not generating a comparable flow of resources to permit them to be sustained.

On the question of local initiative, what I would like to touch on is the role of non-government organizations: both indigenous non-governmental organizations, and foreign non-governmental organizations. These groups can be tremendously important, but I feel that they are not being used very effectively. On one hand, there are foreign non-governmental organizations that go out into the rural areas and "do their own thing." I have seen this all over Africa. Way out in the community the volunteer organization is doing a wonderful job bringing well intentioned change and improvements. I am terribly nervous about what is going to happen when they leave because there is no support system to back them up. As long as they have their administrative network back in the States to support them with the funds and technical resources and their volunteers who go and work in the village, this will work well. But once they leave--and all donors are fickle--the support system is not there for continuing their efforts.

On the other hand, local non-governmental voluntary organizations are poorly supported and inadequately recognized. It seems to me that both foreign and local non-governmental organizations need to work more closely. Right now both tend to go their own ways. However, one of the dangers is that they get started, do some very fine non-governmental programs, and then begin to build their national base. The next thing you know, the government takes them over. This government takeover happens for a variety of reasons. Perhaps the government feared that they were too political or too influential. Perhaps they thought that they could be a very useful instrument because of all their networks out there. Sometimes the non-governmental organizations do not have the resources to carry on their national programs; consequently, they want to push them onto the government so that they can go on to the next thing. But what often happens in the process of government takeover is that the program dies. Therefore, the non-governmental organizations, both indigenous and external, need to be encouraged and supported to foster a more diversified development effort.

Finally, I would like to comment on two areas that particularly concern me in this whole process of rural development. One is the development of self-sustaining capacities. We are much too preoccupied with doing our thing and thus are not developing the capacities within the country to carry forward the program. As I said earlier, donors are fickle. Whether they are private or public, they will not stay around; they are going to change their minds and do something different. First,

we need much more emphasis on manpower training so that countries will be able to carry on with programs. Second, we should be helping countries develop the capacity to self-generate needed technologies. Too much technology is being imported, not enough is being generated internally. I'm not saying that a country should isolate itself from the world, but that there should definitely be more emphasis on building self-sustaining capacities for development.

Third, more attention needs to be given to the question of producing the revenues that are needed to continue these programs. Current trends suggest that these areas are not being given adequate attention, and we therefore have a very serious situation ahead of us. All of our favorite rural development projects will flounder, and people will become disillusioned if the capacity to carry on the programs is not developed within the countries.

My final comment is on management training, which cuts across all of these other questions. It seems to me that there have been major deficiencies in the whole area of management training. Maybe we should be glad that we no longer rely on institutes of public administration. The idea used to be that the way to deal with administrative development was to send somebody off to the States to the USDA Graduate School of Administration; send the person to the local institute of administration; or set up an institute. Time and time again I have seen these people come back and go to work with their organizations and then find that they don't know how to talk to anybody. Nobody knows what they're talking about when they refer to concepts of administration, management by objectives, etc. After pushing these ideas for a while, they begin to give up and say "I have to go back to my old ideas because the new ideas don't work." Much more management personnel training has to be done within the structure of the organizations themselves. Regardless of whether one is talking about the top staff in the Ministry of Agriculture or the managers of the fertilizer distribution programs, there must be training programs that bring the supervisors from the lowest and highest echelons into a common management training program.

Not only is training important on the national level, but it can be a critical component in the development of local capacity. We have already talked about the idea that national governments have to take the lead, through policies of decentralization, in helping local communities develop the capacity to plan and manage their programs. It isn't going to to happen by itself. Comments have already been made that if a local community doesn't have the capacity to attract, demand, and use support systems or government services, programs will fail. Therefore, the national governments have to have training programs that develop leadership at the district levels and train people who can work with the local people in terms of defining their problems, identifying approaches to solve the problems, and mobilizing local resources.

The program we have started in Ghana, for example, addresses these objectives of economic and rural development management and has been very successful so far. The Ghanaian government has decided that in conjunction with its decentralization process, it needs to develop its local capacity, and it has, therefore, taken the initiative to develop a training program.

As I have traveled around the world and looked at administrative strategies, I've become increasingly convinced that the excellent social philosopher and leader that Tanzania has in Nyerere is an exception in terms of his self-conscious desire to empower the people at the local level through decentralization. Most of the decentralization efforts taking place in developing countries are taking place reluctantly as acts of national prudence, rather than as goals in and of themselves.

Excerpts from Discussion Following Panel Presentations

COMMENT:

I think that in many instances decentralization is taking place to preserve the nation state. I have spent quite a bit of time in Portugal in the last two years, and written into the constitution of Portugal in 1976 is a process of decentralization and devolution to four local autonomous regions. Frankly, that is what kept the state together because after the revolution of 1974, Portugal was falling apart. The Azores and the Maderio were ready to declare themselves independent countries, and if the decentralization strategy had not been written into the constitution to make the Azores and the Maderio semi-autonomous regions, Portugal would have fallen apart. In many countries today the devolutionary process is taking place for similar reasons. The British for example, are looking at devolutionary strategies as a way of maintaining Great Britain. The Spaniards are likewise looking at decentralization as a way of maintaining Spain. Thus in many places decentralization is primarily an act of national prudence to maintain the nation state.

Secondly, it is a strategy that is related to the development mobilization process. In Costa Rica, from which I have just returned, the government is seriously looking at further deconcentration and devolutionary strategies as part of a general decentralization scheme--as is the government of El Salvador and the new government of Nicaragua. They are doing it for the very simple reasons that Haven has emphasized. They recognize that projecting into the year 2000 (Costa Rica will have 4 million people by then), they will not be able to bear the recurring costs of development. Empowering the local units of organization with functional responsibilities is thus necessary for maintaining the development program and the revenue generating capacity of these areas.

These are prudent strategies. I don't think it is a gift of power from the center, nor is it an act of generosity. Central governments are willing to devolve power because they see it is an act of self-maintenance. So I think that looking at it as an ideology of the "do-gooder" social philosopher who is willing to give away his power is not really accurate. Rather, it is an act of great realism that is required of many nation states to maintain themselves. The decentralization policies in Spain and Portugal are not motivated by any real interest in rural development.

ANSWER:

Yes, but there are other places where that connection is very strong. I too fear very much that decentralization, or any other type of these concepts, will become panaceas. I just returned from the Sudan,

as you know, and I am very worried about the kinds of devolution that they are undertaking. I think it is being done without the base capacity to absorb the numerous functions that have been devolved almost overnight. Yet, there are other countries that fall somewhere in between, that have to do with rural development. If is isn't done, then rural development isn't going to go very far.

COMMENT:

I say go to it. If there is one thing that we have learned from the past it is the inadequacy of doing just one thing--and doing it well--but then watching it fail because we didn't do the other necessary components.

However, one thing that has come across pretty clear in the four countries that I've served in is that we have to tailor every project to individual conditions in the country. In the discussions thus far, we have forgotten that there is a process of political development going on in many countries. In three of the four countries in which I have served, political integration is a very important objective. In Indonesia, with their far-flung islands, they are still trying to integrate themselves. They are still interested in water transportation, air transportation, etc. --primarily for political integration. Pakistan had six tribal areas when I was there and other northern areas that were imperfectly integrated into the country. In Yemen, government control extends over only one-third of the country. Another one-third is sometimes under the control of the government, sometimes not. In the final one-third of the country, to the north and east, control by the central government is rare. So, if you talk about decentralization in Yemen, you are going to get an interesting response. I think that the natural trend of political development in a country is that it starts out with an integration problem then it gets integrated, then it gets over-centralized, and finally it moves to decentralization. In countries like Indonesia and Yemen, the big question is how to move directly from a strong local structure that is not integrated to one that maintains strong local structure in an integrated political system.

COMMENT:

Sometimes we may talk about it as decentralization, other times we may talk about it as local capacity, but these are really two sides of the same coin. You really cannot have effective decentralization unless you have some kinds of cooperation at the lower levels. If you are trying to build up local capacity but the government is not reorienting, redeploying, and restructuring, the work at the local level may not be very effective. I really see them as kind of the same thing. Even though you may emphasize one or the other, it really has to be tailored to each country: what the circumstances are, what the priorities are, and whether the experience before was positive.

QUESTION:

From listening to the panel, one could get the impression that the political aspects of decentralization and local autonomy and the developmental aspects of decentralization are the same. By politics, I mean the day-to-day dirty politics, not these grand ideas of nation-building. I would like to submit to you that in my experience they are often not the same. As a matter of fact, they may be in conflict. I have worked in lots of places where initial attempts at building local decentralized political structures proved to be very poor vehicles for development. And developmentally organized local structures have been washed away by political circumstances. So how do you see these two things acting together on the local level?

Secondly, it may very well be that in many countries the local institutions, such as development corporations with local autonomy, are not suitable to promote the participation of target groups. I am now working in an area in Colombia where there is a development corporation, but none of the labor unions nor local farmer associations are on the board of that development corporation. It is dominated by the local economic interests. What happens with many of these local organizations that are not genuinely participatory?

ANSWER:

Let me take one shot at both of those. I agree. In many countries that are trying decentralization, there is real political tension between the political party structure and the structure of decentralization that has been set up. I think that in those countries where there is a commonality of interests, perhaps such as Tanzania and a few other countries, between the political structure and the decentralized structure that it works to their advantage. Where that commonality of interests doesn't exist, there are a whole series of tensions that have got to be worked out if decentralization is going to have any meaning at all. The statement that "decentralization will lead to rural development" is only a hypothesis that has to be tested. Off-hand, I'm not even sure that I would agree with that statement; rural development and decentralization are interrelated in many ways, but there may not necessarily be a causal relationship between them. I don't think that simply because a country implements decentralization that rural development will be stimulated. There has got to be a certain level of rural development before any decentralization is feasible, and certain forms of decentralization become relatively more feasible and workable as development occurs. So, it is a hand-in-hand relationship rather than a cause-and-effect relationship.

On the second point, I agree. Some forms of decentralized organizations don't encourage any more cooperation and participation than centralized organizations. Again, it has to be analyzed in the specific

context of the country involved. In some cases decentralization requires deliberately building in redundancy, to work around those existing semi-autonomous organizations that don't allow participation or that are captured by local elites. Traditional American public administration theory abhors redundancy and duplication, and yet that's how most developed countries appear to be efficient. We have so many redundant organizations that if one of them falls apart, it hardly is noticed. As one author has pointed out, the problem of developing countries is that they have got one of everything, and it usually doesn't work. So what may be required organizationally to make decentralization work is to build deliberate redundancy in the kinds of organizations that deliver services and try to elicit participation.

COMMENT:

These are both questions that we have some concern about. On the first question about how to reconcile the political and development aspects, I would like to paraphrase Mayor Daley, who said that politics is good government. It doesn't always work quite that simply. When we have had to look at specific project design issues, our own thinking has been to look first to functional organizations at a fairly small level--such as marketing cooperatives where there is a fairly homogeneous set of interests--and then, along with that, look to more overarching heterogeneous local governments. The idea is to have organizations play each role, the political and the developmental, and then try to have them cooperate rather than to put both roles into the same structure. That is the way our thinking is going now.

On the second question about getting participation of the target group, it is important to have different kinds of organizations, particularly homogeneous ones that represent a particular producer, consumer, or class-based interest along side of the more omnibus local government institution. It is not a perfect solution, but somewhat of a dialectical one. Because often a local government institution is already there when it comes to project design time, we try to assist the homogeneous group with training, support, protection, etc. Again, this is an area where there are bound to be problems; in any dialetic situation, there are bound to be tensions. As someone said, every solution creates its own problems. So bear in mind when you think that you've solved this problem, this solution opens up another problem. Creating homogeneous groups is itself going to lead to other difficulties in creating a diversity of institutions that will carry on various functions that they do best.

Another thing that we have to be mindful of is not to stifle local development by "over administration." A good example of how national policy can affect local development was the government decision to reduce the high tariffs on sewing machines, which probably did more for

the tailoring industry in the rural areas than any program of institution-building. Even under the traditional tax structure, the tax on sewing machines was at a high level, while the tariffs on mechanical equipment for textile manufacturing in the urban areas were relatively low. When they removed the high tariffs on sewing machines, suddenly there was a boom in the tailoring industry all over the country.

We have to keep looking for these kinds of opportunities that aren't administrative-intensive. AID suffers as much from that problem as developing countries do. So we have to look for those aspects that can reduce the administrative intensity of the task and diversify the institutional mechanisms to carry out the task.

QUESTION:

We talked about the problem of transition for non-government groups when they try to enlarge their scope of operation and some of the things that can be lost in the transition. Have you got some success stories or some success models where non-government organizations didn't fail as they became large-scale programs?

ANSWER:

One example is a program we have worked with in Ghana, the Opportunities Industrialization Center program (OIC). This is a Job Corps work program, mostly involved in training urban workers. It started off as a very small institution supported by a private Ghanaian group, but it began to expand, and it is now setting up centers all over the country. It was expanding to the point where its resources couldn't support it. It wasn't appropriate for us to be the only source of finance, and we did encourage the government to get involved, but the government was saying "don't go around creating more of these institutions for us to have to pick up." They did feel that it was a good program, and they had a mechanism for subventures, as they call it, which apparently preserves a bit of the private capability and independence of the organization with its own board of directors and its own policy. It also gives it some resources to extend the program because the government thought it was a good thing to do even though the government didn't want to take it over. So far, it has worked that way. The Ghanaian board of directors is very nervous about the possibility that as OIC becomes more widespread, the government will want to take it over. One way to prevent that, of course, is to diversify the source of financing. This is what they are doing by accepting only 40 percent of total funding from the government and then seeking other sources outside of the owners, such as local industry and private organizations. In some countries this will work, but it won't work in a country that is too determined, or feels threatened by large private initiatives. I think that there are many other examples, but they have to be indigenous; they have to be local private groups committed to what they are trying to do and committed to doing it outside the government structure.

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PART IV: SPECIAL SESSION REPORTS

INTRODUCTION

The workshop and cluster meetings summarized in Parts II and III formed the nucleus of the Conference. In developing the Conference agenda, however, the organizers recognized several inherent limitations in the workshop format:

- Minimal time was devoted to rural development methodology issues.
- The agenda did not readily allow for the discussion of new topics that emerged during the Conference.
- The workshops brought rather diffuse rural development experience to bear on isolated issues but did not readily facilitate the discussion of related issues within the context of actual rural development case examples.

The idea of conducting a series of optional "special sessions" evolved from the initial identification of these limitations.

Several periods were set aside for the conduct of these sessions. Three rural development methodology presentations were arranged for the second evening. A two-hour period was then scheduled during the morning of the third day to conduct roundtable sessions on any key issues that had been previously raised but not adequately discussed. On the final evening of the Conference four rural development project case studies were presented, one for each of the major geographic regions. The case study presentations were planned for late in the Conference to allow participants to examine workshop and cluster findings in light of an actual rural development case.

The sessions ran concurrently. Attendance was optional, and many participants moved in and out of sessions as their interests led them. In spite of the grueling formal agenda, session moderators reported high attendance and involvement at most of the sessions. The reports on the special sessions are presented in the chapters that follow.

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CHAPTER 10

RURAL DEVELOPMENT METHODOLOGY

Introduction

Because certain methodology issues in rural development are concerns in all of the seven topic areas of the workshops, special sessions were scheduled to discuss three of these cross-cutting issues: "Participation," "Methods and Strategies for Directing Benefits to the Poor," and "Data Collection and Analysis Techniques." The structure of the sessions was left to the panel moderators. All three chose to begin with brief remarks by each panel member and move to questions from the audience and open discussion, allowing the session to reflect the group's main concerns. The results of this strategy proved to be free-wheeling discussions of issues within the three general topic areas.

The panel on "An Operational Definition of Participation" identified four key questions within this topic area and attempted to formulate responses to these questions. Perhaps the most important product of this session was a typology which takes into account the role of participation at various stages of project elaboration, implementation, and evaluation.

The panel on "Methods and Strategies for Directing Benefits to the Poor" covered the broadest range of topics. The session began with an attempt to define the "poor" in light of the Congressional mandate for U.S. foreign aid. Discussion then focused on the relationship between growth and equity. It was in this session that the contributions of participants from developing countries proved most stimulating to the discussion. Finally, the group turned toward a consideration of foreign assistance agencies, such as AID. Questions regarding personnel requirements of the AID missions were raised, which later were elaborated on in a special issues session.

The third panel entitled "Data Collection and Analysis Techniques" centered its debate on the question of "quick and dirty" data collection versus more thorough data gathering and analysis. The relative costs and benefits of these two approaches were discussed. Qualitative research was agreed to be of primary importance as a prelude to effective survey research. Due to the composition of the panel, this session tended to be much less a group discussion than an information exchange between panelists and participants. The technical nature of the topic forced the group to rely more heavily on the "experts" for the answers rather than to treat the topic through general discussion.

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Session 1:

Operational Definition of Participation

To establish a framework for discussion, the panel and audience addressed four key questions: (1) Is participation an end in itself or a means to other ends? (2) Is economic participation through receipt of benefits sufficient? (3) Is a non-authoritarian political system a prerequisite for effective participation? (4) How can co-optation of local participatory initiatives be prevented? Project cases where participation was built into the design were discussed, including examples from Tanzania, Yemen, Mali, and the United States.

Discussion pointed to the necessity of working carefully in field situations to match donor expectations with those of host country personnel at all levels, including the potential beneficiaries. In initiating project designs, AID personnel must be careful to take into account the negative consequences of raising false expectations, both of intended beneficiaries and of government personnel. When projects are up for approval, AID personnel should also try to clarify the extent to which involved host government officials are certain about the participatory aspects of the project.

Case examples, including a typology which takes into account the role of participation at various stages in project elaboration, implementation, evaluation, and regulation, were presented and discussed. In addition, they seemed to lead to further implications for work in developed and developing countries.

Some conclusions reached from this session include the following:

- While sometimes participation as social learning can be a desirable end itself, at the project level it is often best seen as a means toward other objectives of successful, self-sustaining development.

- Participation in benefits is only one key variable, and given other development objectives, may not be sufficient.

- Participation at the project level can be attained in authoritarian political systems where objectives and limits are clearly defined. Also, some forms of apparently coerced participation, as in mandatory self-help schemes, may be viable where decisions are taken at or near the community level.

- Steps should be taken to preclude co-optation of local participatory initiatives by local elites, but fear of potential co-optation should not preclude attempting to foster such initiatives.

- Local organizations are not always participatory and may not, in all cases, substitute for other forms of participation. The relationship between organization and participation, like other relationships having to do with participation, should be empirically tested wherever possible.

Session 2:

Methods and Strategies for Directing Benefits to the Poor

The session reached no firm answers or conclusions on the critical and central problem of addressing rural poverty in less developed countries. Rather, the group sought to define the nature of the objective, determine what is known and not known about how to deal with the problem, and identify areas of ignorance and uncertainty in which the issues of what to do and how to do it are particularly pressing.

Throughout the discussion, the rural poor were assumed to include low-income farmers, the rural unemployed and underemployed, those without access to productive assets (such as land), and those generally not affected or affected only marginally by inputs made available to assist the development process. The group made an implicit assumption through out its deliberations that progress in raising the standard of living of the poor in rural areas has been limited at best. It also accepted, with out question, the assertion that AID has decentralized some elements of the project approval process to country missions, where the possibility of country specific knowledge of the requirements of the rural poor may be greater, without correspondingly decentralizing control over the disbursement of funds. The desirability and importance of undertaking a thorough assessment of the impact of AID programs on the rural poor was not questioned nor was the utility of careful assessment of the needs or the poor. However, some felt that identifying the poor and their requirements is far less difficult than the undertaking of such studies might lead one to believe. Others questioned how much AID, as a foreign economic assistance agency, can actually do to address the requirements of the poor. The group appeared to accept the idea that one legitimate method for helping the poor through development assistance programs is first to determine what assistance the poor in any given setting can actually absorb and work backward from that determination to the formulation of appropriate strategies.

A participant from a developing country admonished that it may be inappropriate to try to differentiate among categories of the poor, or between the poor and non-poor, for purposes of attempting to help the poor. The question was whether it is possible to focus on a specific group in this way without ignoring, perhaps even undermining, the organic community fabric within which such individuals exist and from which they derive important sustenance. Others thought, however, that it is perfectly possible and appropriate to identify the poor by area, region, or district without implicitly or explicitly undermining the community context in which the poor participate. In addition, the argument was advanced that differentiating the

poor from the non-poor is necessary because development programs, cropping systems, and policies affect various parts of communities differently. AID policy should, therefore, be directed toward shaping and modifying programs and policies in order to create appropriate forms and degrees of impact. Cases were cited where supposedly sophisticated, well-designed programs in Latin America impacted negatively on the rural poor, perhaps due to lack of sensitivity to this point.

The group addressed the relationship between growth and equity. The absolute indispensability of growth to the development process was not disputed. The problem th group faced was how to accept that priority without sacrificing the companion objective of equity. There was the suggestion from one developing country participant that resources should be directed not only to the very poor but also to those who had demonstrated the capacity to contribute to growth but who lack the resources to make such contributions. Concern was expressed that the basic human needs approach was an objective, not a strategy for helping the poor. This observation, and another noting the increasing numbers of rural citizens who are marginal or peripheral to rural development processes, prompted the injunction that the redistribution of assets and formulation of strategies to help less-developed countries do this must be met head on

Moreover, there are hard administrative problems, especially at the micro level, that must be understood and addressed if such asset redistribution is to be effective. For example, how can the evident problems of a country like Jamaica, which has seriously sought to help the poor, be treated? The group was asked to recognize that an alternative is to yield such tasks to revolutionary movements like those occurring in Ethiopia, Nicaragua, and El Salvador. However, the group recognized the difficulty of making external assistance along these lines effective if existing host country regimes were not disposed to act along those lines. At the other end of the development assistance process, however, stands a U.S. Congress perceived as brooking no diminuation of efforts to realize the objectives of the Basic Human Needs mandate.

The discussion also focused for a time on foreign assistance agencies such as AID and the problems they create for themselves in realizing the objective of meeting the needs of the poor. One individual from AID suggested that the problem is not in the strategies for reaching the poor, or in the methods of doing so, but in the agencies themselves. Do the personnel systems, incentives, and procedures of organizations like AID contribute positively or negatively to the Basic Human Needs objectives? Someone pointed out the difficulty of identifying and discussing failed programs or of suggesting to colleagues or to host governments that they are following erroneous policies or procedures. How is it possible, however, to address shortcomings of host country strategies and policies with respect to the needs of the poor without imposing the values of the agency?

Session 3:

Data Collection Methodologies

This session addressed some basic concerns such as how to integrate the cost of acquiring data into project planning and the cost of making an error in judgment or design because of lack of data or faulty data. The urgent need for information was also addressed.

It may be a mistake to assume that lack-of-data alternatives, such as the use of consultants, is always cheaper than gathering and analyzing data. One participant suggested the average total cost of data collection per respondent, including researcher salary, ranges between $10 to $30 per hour.

One of the panelists observed that most of the rural development projects with which USAID is concerned need at least some primary data. Others expressed a concern that too much attention has been given to data analysis and that this has led to "analysis paralysis." All agreed that data should be mined more thoroughly. The important question in determining the appropriateness of a "one-shot" or multiple-visit methodology is how well the events being measured register in the minds of the respondent. This is related to how frequently the event occurs. For small scale enterprises, the large number of small transactions may require more frequent interview frequencies. The use of inputs by enterprises and employment data may also require multiple visits. This is similarly true for food intake and household consumption data.

However, a large number of participants felt that most of the data required for designing AID projects could be gathered quickly and cheaply, requiring no more than five months from start to finish. In deciding the most appropriate method of data collection, much depends on the data needs of the particular project in question.

All participants agreed that researchers need to carry out more qualitative research. Case studies and direct researcher-respondent interaction can uncover relationships and systematic interactions which survey research cannot. Indeed, at least some qualitative research is a necessary prelude to effective survey research.

The point was made that data needs for project design may be quite different than those for ascertaining a project's contribution to economic development. This appeared to be a source of some contention between AID personnel and academic personnel. This reporter observed a suspicion among AID personnel that academics want to "study the problem away," while academics suspect that donor personnel want to "spend the problem away." Much of this kind of misunderstanding no doubt arises from the participants' varied regional and country specific experiences with data collection and project design.

CHAPTER 11

SPECIAL ISSUES IN RURAL DEVELOPMENT

Introduction

In planning the formal Conference agenda, it became apparent that certain topics of specialized interest needed additional attention. Therefore, time was set aside to discuss issues of special concern to the participants. The objective of these sessions was to provide a forum for participants to exchange information on issues that concerned them. All of these sessions were optional and their format was left to the discretion of the moderators.

Altogether, five special issue sessions were held. The topics included:

- Forestry and Natural Resource Loss
- Population
- AID Staffing and Organizational Requirement
- Women in Development
- Discussion of Francophone Participants

The sessions were well attended and the issues were actively pursued.

Forestry and Natural Resource Loss

Deforestation is a development problem that extends beyond the loss of tropical rain forests. It is a people related problem, one that cannot be solved by foresters alone. It has many dimensions and must involve a coordinated set of responses. It encompasses forests, forage, fuel, shelter, a wide range of commercially valuable products, employment opportunities, and environmental benefits. Resources are a vast reserve for current and future generations; yet, they are being jeopardized by the proliferation of patterns of unsustainable use in many parts of the world.

Planned and unplanned use of forests, woodlands, scrub, and savanna always involve difficult tradeoffs. The gain of some immediate benefits--timber, fuel wood, space for planting food crops--must be balanced against the loss of resources needed over the long term--soil fertility, water quality and quantity, genetic resources, ecological diversity, wildlife and aboriginal habitats, future commercial development, tourism, and recreation.

While no country is immune from the problem of expanding populations placing increasing stress on natural systems, often the causes of deforestation and devegetation are different enough to require country-specific solutions. Programs must be designed to deal with the causes of resource deterioration (fuel, agricultural land for food, pasture and fodder, and forest products) as well as with the symptoms of the problem (tree loss, erosion, declining soil fertility). Careful assessment of individual cases will ensure that no potential cause--and therefore no potential remedy--is unwittingly excluded from consideration.

The nature of deforestation and related resource problems suggests that a wide range of objectives and initiatives may need to be examined. These objectives can include raising the decision-makers' level of awareness, directing forestry improvements, reducing the pressures that cause deforestation and natural resource degradation, and improving institutional capacities to manage natural resources. Regardless of the individual country's natural resource needs, the approach to meeting those needs must begin with a conscious effort to expand planning horizons to suit the long-term and, ultimately, large scale processes of natural resource development and management.

Some key points brought out by the discussions include:

- The need to involve the community, especially its women (who usually gather and utilize the fuel wood), in the identification, design, and implementation of such projects cannot be over-stressed.

- The development of alternative and renewable energy sources, including substitutes for fuel wood and charcoal, may be a part of the solution.

- The introduction of the concept of agro-forestry for the simultaneous and stabilized production of food, forage, and fuel wood may be especially appropriate in areas where shifting cultivation is practiced.

- One means of helping to ensure continuation of existing forestry resources is to develop income-generating programs for the rural poor based upon managing and marketing forest products (plant and animal) on a sustainable basis. This would give the local community an incentive to maintain forests.

- It will usually be necessary for governments to implement socioeconomic and administrative changes, such as land tenure security, to achieve greater local participation and other resource goals.

- It is important to listen to those in need to learn and understand local knowledge of plants and animals and to determine the basis for indigenous resource practices.

There are a number of technical problems related to projects in this area that must be overcome, but no project will be successful if only technical criteria are examined. The host government and local communities must see the need for a variety of activities and be willing to take the steps necessary to reduce natural resource depletion. The economic and social benefits of projects in natural resource conservation, preservation, and development, however, may not be apparent in the short term. When a project terminates, the measureable benefits may be in terms of institutional development, changed practice, and reduced levels of environmental degradation.

Population

This session consisted of presentations by three of the panelists, a slide presentation, and a general discussion. The session opened with a brief review of the history and program implications of Section 104(d) of the Foreign Assistance Act, which calls upon AID to give:

> "...particular attention to the interrelationship between (a) population growth and (b) development and overall improvement in living standards in developing countries, and to the impact of all programs, projects, and activities on population growth. All appropriate activities...shall be designed to build motivation for smaller families through modification of the economic and social conditions supportive of the desire for large families...."

A brief discussion of whether this legislative mandate was synonymous with "women-in-development" resulted in consensus that it was not. In addition to efforts to expand educational and employment opportunities for women, programs that improve family income and child health and survival can also contribute to greater interest in limiting total family size.

A member of AID/W Office of Population reviewed the findings of the literature on the socioeconomic determinants of fertility in general and on the links between rural development and fertility in particular. It was noted that much of this literature is based on the theory of the demographic transition that occurred in the United States and Western Europe in the last two centuries, and that the relevance of the Western experience to what is happening in developing countries must be questioned. It was also noted that, while there is general consensus on the role of proximate determinants of fertility (nuptiality, lactation contraception) and the nature of the association between fertility and such socioeconomic factors as education, women's employment, and family income, very little has been done to quantify these relationships. For example, the association of level of education, types of employment, and how improvements in child survival may be associated with reduced fertility.

Research Triangle Institute (RTI) made a clide presentation on development and fertility. The presentation highlighted the work done by RTI and the Southeast Consortium for International Development (SECID) on rural development and fertility. A representative from SECID described a general model of fertility decision-making that was developed as part of the TRI/SECID project. The model identifies five categories of "influence" on decisions: Preferences (desired number of children), income and wealth, relative prices of goods and services, community environment. and national environment.

Discussions revolved around both practical and philosophical questions. One field officer currently managing a rural health project noted that too little attention has been given to the role that men play in setting family size preferences, and that additional efforts must be made to "reach" men. Another participant warned of the risk that the language of Section 104(d) ("building motivation for smaller families...") could be viewed as a U.S. manipulation of local cultural values and practices in order to "push" family planning. However, he applauded efforts to understand, anticipate, and measure possible demographic impacts of non-family planning programs.

One participant argued that population pressures in developing countries were not due simply to the preference for large families, but rather to the preference for a certain number of sons (attempts to achieve that number resulting in large overall family size). With the technology for determining a child's sex so close at hand, he asked: What is the position of the U.S. on providing the technology that would insure that couples only have the number of sons and daughters they desire? What are the societal implications of a skewed sex distribution? What are the implications for women in a society where there is a strong preference for sons? Another participant commented that even if couples only had the number of children they wanted to have, population growth would continue; changes in basic attitudes about family size must occur if population growth rates are to stabilize.

A participant from India countered the earlier discussion on sex preferences, stating that the belief that there is a strong preference for sons in LDCs is much exaggerated. The problem, as he outlined it, is that couples feel that fertility is not a matter of personal control. The session ended with a number of caveats concerning the utility of the rational decision-making model as it applied to fertility behavior in LDCs.

AID Staffing and Organizational Requirements*

In response to concerns that were expressed regarding projected trends in AID staffing and organization, two special sessions were held to deal specifically with AID personnel requirements. The AID Administrator, Douglas Bennet, attended the second session, discussed his own concerns, responded to comments from the group, and reported on action already planned.

One of the fears expressed by participants in both sessions was that AID's current staffing and organizational trends would make the Agency less able to implement "New Directions" kinds of projects. Within the group, there was a general understanding of the reasons: (1) for greater use of intermediaries in project design and implementation and (2) for an overall decrease in the total number of AID direct-hire personnel. Nevertheless, five areas of concern, as well as a number of specific recommendations emerged from the discussion.

1. Staff Competence, Orientation, and Organization for Rural Development Efforts

   The need for interdisciplinary competence and collaboration in support of rural development activities requires persons with both social science and technical science backgrounds. Unless special efforts are made in a period of overall reduction of staff, the Agency may not get persons who are both well qualified in their respective disciplines and attuned to working with persons from other disciplines. The following specific recommendations regarding staffing had general support from the session participants:

   a. Because only about 10 percent of AID's staff currently overseas has agricultural training and about half of the Agency's projects have direct or indirect bearing on agriculture, some increase in the number of professional agriculturalists seems warranted, preferably persons with some appreciation of social and institutional factors.

   b. Because rural development is more than a residual undertaking and requires competence across social science

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*The unedited version of this report was prepared by Norman Uphoff of Cornell University and John Roberts of AID following the Conference. It has been edited for inclusion in these proceedings.

disciplines as well as some knowledge of agriculture, strong support was expressed for professionalizing rural development responsibilities within AID. This would require formulating professional standards and establishing a new backstop number classification.

c. No single organizational structure will be appropriate for all missions to integrate agricultural and rural development analysis and programming, but some means must be found in each mission to accomplish this integration. AID needs to create an environment and incentives for closer collaboration between agricultural and rural development specialists. This is to say that there is a need for professionalism and specialization, on the one hand, and generalist perspectives and close collaboration, on the other. Leadership must come from the mission director and a good example must be set by AID/W. Specific organization and assignment of responsibilities within a mission should reflect the nature of projects and mix of activities within the country program, with neither agriculturalists nor rural development technicians always "under" or "over" the other.

2. Staffing Ratios for Implementing Rural Development Projects

It is now commonly recognized that "New Directions" kinds of rural development projects with their emphasis on multisectoral approaches on experimentation, on participatory planning and implementation, and on decentralized approaches --all with a view to reducing poverty and increasing peoples' own capacity for development--are relatively personnel-intensive.* It is harder to reach the poor than other groups, and project activities involved are more complex (more components), more dispersed (harder to supervise), and more open-ended (requiring monitoring and often revision). Moreover, the countries into which AID is channelling more of its resources are less developed in terms of institutions and manpower, so there is less local institutional capacity to draw on in design and implementation.

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*A study by Practical Concepts, Inc. of AID Mission Project Related Workforce Allocations: Characteristics and Issues (Contract No. AID/otr-147-74-01, December 8, 1978) reported "There is a strong belief that the effectiveness of certain kinds of activities, principally those with a major 'Basic Human Needs' orientation, demands a high level of workforce support. Thus, workforce data based on project numbers or size factors alone (conventional efficiency measures) are not sufficient for making accurate allocations between different types and kinds of projects." (p. II-3)

There is a need, of course, to avoid creating local dependency on outside personnel, but such personnel may be needed to help break old patterns of institutional performance. It is possible that some of this work can be carried out by intermediaries, such as American or host country PVOs, universities, or government agencies. The consensus was, however, that intermediary personnel could not substitute for AID direct-hire personnel. Some tasks dealing with the host government cannot be entirely delegated to intermediaries; some monitoring and guidance of intermediary performance is necessary.

So, while the principle of working more with and through intermediaries was accepted, a cautionary note was repeatedly sounded that using intermediaries would not, as a matter of simple substitution, make it easier to expend more money with fewer AID personnel.

3. Increasing Efficiency of Present Staff Use

This area offers possibilities for improving AID performance with little or no additional cost. The following recommendations emerged from the group discussion:

a. Greater decentralization within the Agency, simplifying the processes of review, reducing time spent in getting clearances, etc., should enable professional staff to devote more of their time to substantive work. More authority should be delegated to the field and to the person backstopping a project in Washington.

b. In general, more responsibility should be delegated to project managers, giving them authority and then holding them accountable for performance. Where professional personnel are managing projects, the present system eats up most of their time with unproductive paperwork.

c. Although details of implementation often cannot be separated out neatly from substantive decision making, some consideration should be given to how professional staff in agriculture and rural development could be less burdened with non-substantive details. Implementing (a) and (b) above would help in this direction.*

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*On this, there was some feeling that there was too much "support staff" already in the field, cutting into personnel ceiling quotas. One suggestion was to contract out for support services, including secretarial and logistic help, rather than for many technical services as presently done.

d. The balance of personnel assignments between Washington and the field was a matter of concern. If the Agency drifts back to a majority of staff in Washington, this will aggravate the lack of professional AID input in the field. It was strongly felt that at least half of direct-hire personnel should be in the field.

e. Since rural development work with an interdisciplinary, poverty-oriented thrust requires more conceptual and analytical skills than many staff have (especially those trained some time ago in a strictly disciplinary context), a systematic program of training and career development is needed. This should convey both knowledge and incentives for accomplishing the more difficult tasks now being set before AID.

4. Taking Advantage of Different Organizations' Comparative Advantages

Assuming that AID will move toward greater use of intermediaries in its program, it is important that all organizations be engaged in the program in the most appropriate ways. The overall task of rural development is complex and difficult, and accomplishing it will be easier if each does what it can do best.

a. Project Identification/Analysis

- For specific sectors and small-scale activities, project identification might be best done by PVOs or universities working with intended beneficiaries.
- For locally specific, rural impact activites, PVOs might be best.
- For national-scale projects or activities requiring host government consultation on problem/solution perceptions, official AID personnel would prove most capable.

b. Project Design Preparation

There are no clear comparative advantages evidenced. Who might best design a project would depend on its objectives, magnitudes, and complexities.

c. Project Implementation

- Depending on the scale and scope of the project, AID, private contractors, and PVOs seem to have an advantage.
- Host-country institutions, both public and private, are and will become increasingly appropriate.

d. Project Monitoring and Evaluation

For data gathering and analysis, any group may be appropriate, although universities would seem to have an advantage.

In order to achieve a more appropriate division of labor, there needs to be some simplification of administrative procedures and some deliberate effort to draw on the respective strengths of the different kinds of institutions, including host-country ones. It should be clear that the quality of intermediaries will not be uniform, as it is not now within AID. Along with some simplification of procedures, there should be more rigorous screening and evaluation as more intermediaries are brought into the process.

Some things which appear best done by AID staff include: handling essential relations with the host government, preparing or at least reviewing CDSSs, overseeing coordination among contractors in the country, helping with some of the start-up and ongoing clearances, etc.* Also, to have some continuity in understanding what works and what doesn't, what has been tried and what hasn't, as well as some "constructive skepticism," some AID staff are needed, despite considerable devolution of responsibility to intermediaries. (This implies, however, that AID maintain better "collective memory" than it does.)

5. Implementing the "More With Less" Strategy

Recognizing that this is the direction AID must go, great care is needed in implementing it in order not to lose AID's high standing in the international development community as an innovative and leading agency. The mandate to carry out fewer but larger projects generally goes against the need for experimentation, which is still essential in the area of rural development, and it makes it more difficult to involve LDC persons, even PVOs, in planning and implementation. There is a danger that gains from this strategy may be illusory, as the savings of scale may be offset by the often hidden costs of complexity. Participants in the discussion were encouraged by the reported concern of Senator Inouye that AID not lose its pioneering role in poverty-oriented development as an innovative and risk-taking agency.

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*Some good experience was reported by a university previously implementing an AID institution-building project in Nigeria, with engaging nationals to handle many of the support services now handled by AID support staff. There should be some coordination or collaboration in this, however, as it would make little sense for each contractor, no matter what size the activity, to have a full support staff complement.

One way that "more with less" might be tackled would be to contract with PVOs, universities, or other institutions to undertake pilot projects that they prepare and propose to AID. In this way, the costs of such preparation and experimentation could be considerably less than if done by AID directly. If the projects proved successful, AID could then design a larger scale project, perhaps implemented by the host government. Such a division of labor is in keeping with the ideas presented in the previous section.

Women in Development

Women's work involves water and fuel collection, and agricultural production, processing, and storage. This places them squarely within rural development efforts and all the Conference workshop issues. Despite these activities, women's access to resources, agricultural inputs, development services, and a fair return for labor is often problematic, and thus special strategies are required to reach women.

After hearing about the interests of each group member, the moderator proposed an agenda which included the following: (1) ideas for project strategies to reach women; (2) project design data-gathering guidelines; and (3) monitoring and impact evaluation techniques for redesigning projects and tracing benefit distribution. In the course of the workshop, a variety of location-specific information was discussed, suggesting different data-gathering guidelines and project strategies, depending upon their context.

The workshop began with a discussion of household structure. One participant described a traditional Islamic structure in northern Nigeria where men are the authorities in households and communities, even though women participate in functional work roles which may be relevant to development strategies. In this society, projects cannot alienate those in authority and, consequently, productive strategies are channelled through men. Another participant cautioned that households are not passive units, but that members involved in production for use and exchange play private and public roles not always immediately apparent to outsiders. Another cautioned against viewing households through Western lenses (i.e., nuclear, monogamous, etc.) and reminded participants of organizational networks--both formal and informal--that both men and women are part of outside the household.

A social analyst discussed the minimum information necessary to understand household production, including the division of labor by sex and life cycle (age) differences. The understanding of those factors within households should be complemented by knowledge about variations among different income groups and across regions.

Field participants were anxious to discuss specific strategies to reach women rather than data-gathering techniques and the remainder of the session was spent on strategy models. It was stressed that no one model applied everywhere and that strategies should build on existing women's activities and complement local cultural patterns.

A number of participants discussed working with existing women's organizations. In Tanzania, for example, there are formal women's

organizations which reach the village level. Through groups, women are involved in locally determined income-generating activities. In Nicaragua, women played an important role in recent political changes and have experience in ongoing organizations. In the Philippines, women's groups have been involved in projects to promote fast-growing wood, the outcomes of which help to alleviate the time women spend in fuel collection as well as natural resource scarcities. A participant suggested that even in traditional Islamic societies there were likely to be informal organizational networks among women which might be tapped for communicating and disseminating information and services. In Burundi, however, no traditional organization exists among rural women. Creating new organizations was recognized to be as difficult a strategy for women as it is for men. Still another participant suggested that more interaction be developed among women's organizations across national boundaries (i.e., between Zambian and Tanzanian rural women's groups).

Even in some Islamic societies, a participant noted, there are existing women's groups. An AID rotating credit project in Upper Volta provides loans to women's groups for a variety of income-generating activities, including strategies which alleviate labor burdens as well as support income-earning activities (i.e., grinding mills). It was stressed that those activities are undertaken with the knowledge and consent of husbands and male authorities in community decision-making structures.

Another participant discussed altered staff composition strategies (increasing the proportion of female staff) to reach women. In societies where productive strategies are channelled from men to men (and where there are constraints against an unrelated man and woman speaking with one another), women agricultural producers are not likely to be reached. In such areas, women household heads will probably be excluded from access to agricultural extension services. One participant discussed the role of women heading households and meeting survival needs of the family in Zambia; the detrimental effects of exclusion on those women is critical. Strategies to reach women would include recruiting more female staff and training local women to work as paraprofessionals. A paraprofessional strategy was discussed in a Jamaica project. Where it is difficult to recruit more women professionals and paraprofessionals, incentives can be developed for male agricultural staff to reach rural women's groups.

Also discussed was a communication strategy, the Pila Project in Guatemala, whereby women are reached at communal water/laundry facilities by playing audio cassettes containing health and nutrition information in story-dramas. Playing tapes while women worked addressed the time constraints women face--constraints which sometimes preclude their attendance at special sessions. A Jamaican integrated rural development project aims to develop radio strategies to reach a female audience with farm, household production, and consumption information.

Joining consumption and production farm plans constituted another part of the strategy discussion. In the Jamaica project, farm plans were originally oriented toward cash crops and the sale of animals. In an altered strategy, the farm plan and the farm management techniques associated with that plan will integrate crop plants for family food consumption with those for sale. In this way, women (who jointly labor with men on farms, manage family finances, and grow vegetables in the family garden) will be more fully involved in a farm management decision process.

A presentation from the previous day of the Conference demonstrated a methodology whereby farmers in Paraguay and Colombia gathered data on agricultural inputs and outputs to improve farm management skills. Farmer production strategies were compared in a group format after harvest. Drawing on that work, the designer had discussed its adaptability to women in farm household production. Often women are involved in seed selection, farm labor, and especially in animal care. A (woman) farmer data-gathering effort on animal care, which similarly augments management skills, is a logical extension of the initial approach.

It was suggested that rural development projects have "set aside" features to assure women's participation. One such project in Tanzania sets aside 20 percent of its cooperative training slots for women.

Concerns were expressed about still-existing difficulties in some settings, including wives fearing their husbands' wrath if they join organizations outside the home (Burundi), lower yields on women's groundnut fields because women face limited and/or belated access to other household labor and technology relative to men's fields (parts of Senegal), and capital-city based women's organizations which are political rather than developmental and have ineffective outreach to rural women and women's groups (Zambia and Burundi). One participant stressed that development strategies should not intervene in local cultures. Yet strategies already intervene by providing resources to some household members and not others, thus altering pre-existing balances. The detrimental consequences of those strategies for development are already apparent. All participants divorced themselves from attempts to promote western ideas. While several participants remarked about possible resistance to reaching women in collaborative discussions with host country government staff, others wondered why people are not asking "HOW do we reach women?" The changing dynamics of, and receptiveness to, the issue in many national and local settings was emphasized.

The session was summarized with the following remarks:

- Planners and designers should be sensitive to the variety of activities, interests, and needs women have within location-specific settings.

- Promising possibilities exist for work with rural women's groups as vehicles for income-generation, producer access, and service provision.
- More female staff is essential for reaching women.

Discussion of Francophone Participants

Introduction

The Francophone discussions responded to a communication problem. The two informal discussions did not bring forth an overview, but rather they resulted in a synthesis of exchanges on several points.

Synthesis

1. Rural Infrastructure

Government officials feel that their AID counterparts and the AID bureaucracy do not appreciate the importance of rural infrastructure in preparing rural development projects. There has been clear explanation to the group of AID's legislative posture and of the tenor of discussions between AID and the U.S. Congress. The group feels, particularly for certain West African countries, that the interdependencies between rural development productivity and the building of a network of rural infrastructure call for a definition of the linkage between infrastructure and productivity. This may, therefore, necessitate a broader scope of rural infrastructure investments.

2. Provision of Water

Water supply raises fundamental issues not resolved in the preparation of many rural development projects. This creates problems in implementation, both in terms of local participation in the project and of having a sound basis for realizing project objectives.

3. The Poorest of the Poor

There was a strong concern about AID's new directions, both definitional and as a point of divergence, in seeking to make its programs coherent within a developing nation's preparations. It was not easy to delineate who, among a range of relatively poor, is the target group nor what is the most effective pathway for benefiting them. The argument was also stated that AID's view of this issue may create discontinuities among activities being pursued in the country with little gain and much inconvenience. Persons from those countries who consider themselves among the poorest were especially concerned that an external organization could not have a special appreciation of who is the preferred poor and to which points in the production system interventions should be directed. Ultimately, it was felt that such questions are intimately linked to a nation's coming to grips with its rural development priorities. This involves decentralization and building internal capacities.

4. Special Requirements, Equipment, and Materials

AID's position regarding special requirements, equipment, and material involves two areas: (1) The U.S. policy to require the purchase of U.S. vehicles which cannot be maintained is dysfunctional to AID's interest; (2) Serious problems result from implementation which emerge from AID's requirements to use U.S. source materials--both in terms of delay and possible inappropriateness. Of paramount importance is AID's adoption of a more practical posture permitting, in some instances, the procurement of equipment or materials in a manner that will allow avoidance of delays. This is particularly important where materials are needed for agricultural compaigns.

5. Integration of AID Projects With National Preparations

In some countries, AID has at least been more specific in defining the project ideas to be discussed by AID with the benefiting government. While participants recognized the desirability of different viewpoints on policy issues (price policy, operating support, etc.) and felt this was a legitimate area for exchange in negotiation, they pointed out examples of AID's conditioning a project. These terms are stated in a manner which was difficult for them to understand (setting interest rates on agricultural credit in contrast to a clearly established national policy, requiring elimination of subsidies for production inputs). One needs to look at whether the project negotiation is the appropriate context for resolving certain of these issues.

6. Delays in Project Authorization and Inflexibility on Project Modification During Implementation

Delays in project approval and the cost of many project designs are incomprehensible to the beneficiary. Seeking quicker avenues (accelerated impact program) becomes a need in and of itself. There is a felt need for more punctual, simple design response within AID and between AID and government studies capacities. Even if a field mission developed a well designed project, the host country must face a serious delay between design and implementation. AID has tended to be inflexible about changes; and while obtaining clear understandings has advantages, there is a strong feeling that some of the resistance is dysfunctional.

7. Project Duration

Few rural development projects have the possibility of being completed in two to three years. The project design should recognize a realistic duration from the outset.

8. National Financial Contributions

The need for a local contribution to complement AID's financing serves two objectives: (1) facilitating the government's assuming recurrent costs over time; and (2) bringing about priority, ranking, or choice through forcing financial allocation decisions in the face of limited capacity to undertake new and continuing activities.

The group recognized the importance of local contributions and felt that this was effective in meeting the first objective. However, the group also felt that negotiated local contributions will be a poor vehicle for bringing about national choice of priorities and urged that a more productive context be sought.

9. Coordination Among Sources of Financing

Governments do have coordinating mechanisms. While the process is not smooth, countries have found that a difficult obstacle to collaborative financing has been catering to individual donor "personalities."

10. Building National Capacities to Interface With Donors on Planning Design and Policies, and Decentralization

Insufficient attention has been given to making use of existing capacities within national organizations and to strengthening those capacities using them. Numerous countries have developed research organizations; they may be used to prepare projects or project components themselves or jointly with AID and contract personnel. Also, there is talent outside these organizations which may be called upon or may be separately asked to pursue specific tasks. Even though these organizations are not entirely separated from the "public sector viewpoint," they can contribute responsibly to analysis of questions on policy issues, decentralization, etc. Looking at individual situations, AIO should seek out opportunities for innovative support of internal capabilities in project preparation.

11. A Note for the Eighties

Whether one looks at integrated rural development or rural works, keynotes for the 1980s are soil conservation--surrounding the impediments to following productivity conserving policies--and anti-erosion efforts.

CHAPTER 12

REGIONAL PROJECT DISCUSSIONS

Introduction

The objective of these four optional sessons on the last evening of the Conference was to provide the opportunity to apply some of the concepts and recommendations discussed during the Conference to actual ongoing project cases. Thus, the theoretical insights of the Conference could receive grounding in real examples. The vehicle for this exercise was a series of four regional panels dealing with ongoing AID projects.

After presenting essential background information on each project case, the moderator channeled discussion between Conference participants and panel members around key issues identified by the Conference. The panels consisted of a representative from AID/Washington, the AID project manager, an outside consultant involved with the project and a host-country national involved with the project. In this way, issues of donor-host government cooperation and Mission-AID/Washington coordination were addressed along with specific issues of rural development theory.

- The panel on the African regional project discussed design and implementation issues encountered in the North Shaba Rural Development Project in Zaire.

- The Asian regional project panel discussion of the Bicol Integrated Rural Development Project in the Philippines covered the topic of community participation, which was an important issue throughout the Conference.

- The discussion on the Latin American regional project dealt with "Integration of Agricultural Delivery Systems." Using the INVIERNO Project in Nicaragua, the group examined the issues of outreach delivery systems and government commitment to supporting development efforts.

- Finally, the Near Eastern Regional Project discussion centered on the proposed Local Resources Project in North Yemen. Because this project is not yet underway, the discussion focused on the project identification and planning stages of the intervention.

Africa: North Shaba Rural Development Project (Zaire)

This session focused on design and implementation issues arising from a major ongoing rural development project in a remote area of Zaire. The project's goal is to move Zaire toward self-sufficiency in the production of maize, which is the staple food crop in the southern and eastern areas of the country. Its purpose is to develop a replicable process for achieving self-sustaining increases in small farmer income and productivity. Original funding levels included $6.2 million in grant funds, $3.5 million in loan funds from AID, and an equivalent amount in local currency contributions (zaires) by the Government of Zaire (GOZ). The Project paper was completed in September 1976, and AID/Washington and GOZ approval was secured almost immediately. A technical assistance contract was signed in July 1977 with Development Alternatives, Inc., whose personnel had participated in the project design.

Panel members' presentations began with a review of design issues and a description of the six components, or subsystems, of the project: (1) Research and Extension, (2) Farmer Group Development, (3) Intermediate Technology, (4) Marketing and Credit (for small- and medium-scale merchants), (5) Infrastructure (mainly road and bridge rehabilitation), and (6) Monitoring and Evaluation. It was emphasized that the project is "integrated" in terms of combining several discrete activities, but that it is specifically oriented to increasing agricultural production and does not directly finance or support social service activities. In this respect, its approach differs from the traditional model of an IRD project in which both social service and income-generating activities are undertaken.

Several points were highlighted in the review of implementation experience to date. The initiation of the project was delayed by serious logistical problems; the result of this delay was that substantive work within the subsystems did not commence until early 1978. A "mid-project" evaluation was conducted in June-July 1979, shortly before the halfway point in the original six-year timetable. The evaluation team concluded, however, than an extension beyond September 1982 would probably be needed to allow project activities to be completed. The team also recommended additional AID and GOZ funding to meet rising costs due to inflation, which have far exceeded the levels estimated.

The "experimental" character of this large-scale project provoked some debate during the session. From the designers' point of view, each component addressed an obvious constraint to project objectives, but reactions from the floor expressed some concern about the overall complexity of the project, particularly in view of its vulnerability to external political and economic factors.

It was noted that despite delays in implementation, approximately 1,400 farm families received improved maize seed and extension advice during the first year (1978/79) of direct intervention by the project. Maize production in the project area is estimated to have increased by 30 percent over the preceding year.

Some tentative conclusions were drawn regarding the role of technical assistance in ambitious rural development projects of this nature, which usually possess long timeframes. In the first place, such projects tend to be skill-intensive and require a higher degree of specialization than is generally recognized in the literature on "New Directions" in rural development. Secondly, the optimal mix of technical assistance skills appears to change over time. In the initial stages of North Shaba, two types of personnel were found to be especially valuable: (1) logistics specialists with a capacity to improvise so as to circumvent obstacles that were not adequately assessed in the design phase and (2) generalists with a strong "process" orientation and the ability to establish two-way communication between project staff and small farmers in the project area. As the project has matured, the demand has increased for (3) technical specialization in agriculture, complemented by skills in economic analysis and (4) administrative and management skills, with an emphasis on routinization and sustainability of the systems developed for the GOZ Department of Agriculture in the project area. The time-phasing of these technical assistance inputs--for example, determining at which point type (1) specialists might be replaced by personnel of type (4)--raises questions that could be taken up in a future conference or workshop dealing specifically with implementation issues.

Asia: Bicol Integrated Rural Development Program (Philippines)

This $175 million program consists of five major projects and several subprojects that are being implemented by AID, ADB*, and the government of the Philippines (GOP) in the Bicol River Basin. The program was launched in 1975 with the construction of a 4,000 hectare irrigation works and a 450-mile network of feeder roads within the Basin. Two more irrigation systems are under construction, and two more are in various stages of planning. A comprehensive health, nutrition, and population project will begin in January 1980. Eventual direct benefits are expected to reach two million people. AID has committed $30 million to the program in conjunction with $95 million from the GOP and $47 million from the Asian Development Bank.

The program is now well-established and progress is being made in implementating the remaining projects. A key to the initial success of the program is due to the local organizational structure which has supported rural development in the Bicol. The Bicol River Basin Coordinating Committee, which is made up of regional line agency directors and province chiefs, has been empowered to undertake major rural development efforts in this area. A decentralized Bicol Program Office and project staff consist of several hundred highly qualified Philippine technicians and administrators. The line agency and organizations have had the responsibility for planning, researching, and implementing the Bicol projects. Project monies have been passed through the regional line agencies to assure local control, and other local organizations have had much input into the development of the program. A private advisory council composed of representatives of farmers, students, and other villagers have had continuing influence on project design. Area development teams were also organized by mayors to assure community participation. Support by the local and national governments has been wholehearted, as evidenced by the large commitment of GOP funds.

AID/DSB undertook this two-year Spatial Analysis study to look at possible locations of future supplementary investments that would be needed to establish the close linkages between the developing rural sectors, small rural towns, and the already-developed Manila area. Socioeconomic data were collected, and a core of professional regional analysts have successfully carried out spatial and related analyses. This information is being used in other rural development projects in the Philippines.

While at this point the program has generally been rated favorably, a number of concerns were raised by the panelists, including project technicians. There was disagreement over the extent of community participation that was encouraged early in the program. One panelist felt that initially the program consisted mainly of engineering projects that did not lend themselves easily to extensive involvement of the community. However, he seemed to be in agreement that through time the development process became more participatory in nature.

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* Asian Development Bank

Adequate water management is expected to be an issue. There has been a poor record of loan repayments by small farmers in recent years and concern was voiced about whether this would adversely affect the future availability of credit. Additional work is required in marketing. Finally, it remains unclear whether the program has the built-in capability to measure accurately the key economic variables necessary for determining long-term impact in the region. A major portion of AID resources is being used to address this issue.

Latin America: The Integration of Agricultural Delivery Systems (Nicaragua)

In this case study presentation of the INVIERNO rural development program in Nicaragua specific attention was accorded to service integration and coordination issues.

Panel members stressed the importance of having access to high-quality baseline data in the design of the INVIERNO program. This program, which provides a number of innovative rural development-related services, could not have been effectively designed without a deep appreciation for the agricultural and social base upon which the program rested. In establishing the program, careful attention had to be given to existing development constraints in effect at different levels. This information was needed to determine the mix of mutual supporting economic and social services required to simulate development in the program area.

The panel members also mentioned the high level of commitment that was obtained and fully used in carrying out the program. The Nicaragua case demonstrates that government commitment to major restructuring of the public agriculture sector was a key element of success during the two years of field operations reviewed in the case study.

The INVIERNO program developed a well-monitored outreach system to assure timely arrival of basic goods and services. The integration of basic services within the INVIERNO program, including agricultural technology generation, extension of credit, input supply and output marketing, was seen as contributing to substantial increases in agricultural production.

The INVIERNO case study on the management and operation of an integrated agricultural development program provides a unique opportunity for a wide audience of development practitioners to learn how many services can be efficiently coordinated under one program.

Near East: Local Resources Project (Yemen)

The presentation by one panelist and the discussion by panel members and participants (all "Yemen-o-philes") on the Local Resources project centered on its pointedly unique qualities. Foremost is the project's direct focus on the Local Development Associations (LDAs) and its downplaying of the central government with which the local associations have but a tenuous relation. Yemen's history supplies a ready answer, since in this secluded and inner-directed area of the Arabian penisula, local tribal relations have always been stronger and more lasting than the distant, not always active, central authority. Only lately has Yemen aspired to the trappings of the nation-state and the effects are still in the making. The LDAs are sub-governorate (province) units and form a quasi-governmental association which attempts (with varying degrees of success) economic, social, and infrastructural projects for its members. LDAs are found in most of the populated, rural areas of the country and in the more urbanized settlements. Presently, their financial support comes from a central government rebate of certain locally collected taxes; but the LDAs, in practice, rely heavily on donated funds and services.

The project will focus on two governorates and on a selected group of LDAs within each governorate. Via a substantial and soon-to-be-awarded contract, a variety of resources will be available to the LDAs: technical assistance in planning, managment, and rural works, engineering, training, commodities and matching funds for selected rural works projects. While attention will also be given to the central grouping of LDAs in the form of training and planning management-advisory services, this phase is ancillary to the main enterprise at the local level.

Of particular interest in the area are labor shortages, local funding, and contract project management. Yemen exports most of its able-bodied men to Saudi Arabia and other countries, including the U.S., reducing the local manpower pool and forcing a new look at the role of women in an otherwise tradition-bound society. The overseas population returns a steady stream of remittances which have raised Yemen's per capita picture above the reality of its underdevelopment. Although money is available at the local level, the central government has neither the impetus nor the will to tax it. With a strong input into the LDAs, the remittances may flow into rural investments via donations and local assets rather than through the shaky obligations of a centrally decreed operation. This, at least, is an unspoken, but important, project assumption.

The project, by relying heavily on its contract appointee, turns management over to the contractor with USAID's role diminishing to that of an overseeing committee or careful referee. While this is consistent with AID's steady movement toward contractual and private voluntary organization project operations, it is a move fraught with difficulties, both real and imagined.

The accepted conclusion of the session appeared to be that the Yemen Local Resources Project offered a significant bellwether for some of the major program and policy issues embedded in AID's newest approach to rural development. As a consequence, every leeway possible should be given to the project in its beginning implementation so that the issues can be carefully assessed as the project unfolds.

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PART V: FORMAL PRESENTATIONS

INTRODUCTION

Most Conference activities centered around small workgroup and cluster sessions. However, to open and close the Conference appropriately and set the parameters for the ensuing dialogue, the agenda included several provocative formal presentations.

Ambassador Hernan Santa Cruz was selected as the Keynote Speaker. Earlier in 1979 he played a major role in the World Conference on Agrarian Reform and Rural Development (WCARRD) as Special Representative of the Director General of the FAO (Food and Agricultural Organization). The WCARRD had assembled an impressive array of Third World country rural development experience, and Ambassador Santa Cruz was uniquely qualified to summarize the WCARRD results and initiate a high level of dialogue around issues emerging from that forum. The Ambassador spoke as a private individual and not as an official of the FAO. He used this forum to explain WCARRD's ambitious rural development and equity goals and stressed the need for their widespread support and acceptance.

The first full day of the Conference opened with a plenary panel entitled "Alternative Perspectives in Rural Development." The panel, chaired by Tony Babb of AID's Development Support Bureau, included three distinguished rural development scholars--each selected to present a different perspective on rural development.

Dr. Vernon Ruttan of the University of Minnesota developed his presentation from an in-depth review of the WCARRD case study materials. He emphasized the importance of moving beyond technological changes as the precursor to higher agricultural production and called for a fostering of institutional and structural change. He stressed that the improved distribution of development benefits is less a matter of "appropriate technology" than "appropriate institutions." He commented on the difficulty of transforming successful rural development projects into successful programs and stressed the need for social science experimentation to speed the pace of innovation and the dissemination of rural development lessons.

Dr. Alain de Janvry of the University of California at Berkeley took the role of a critic. He relied heavily on South American experience to draw conclusions germane to rural development work in general. Based on observations in Mexico, Colombia, and Peru, he concluded that only a relatively small group of "peasants" are likely to benefit from costly rural development projects. He pointed out that most people depend heavily on wage labor and that current development approaches foster existing trends in agriculture toward commercial farming and away from "peasant agriculture." de Janvry challenged the Conference to support development processes that stimulate efficient peasant agriculture instead of destroying it.

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Dr. John Friedmann of the University of California, Los Angeles, has written extensively on regional development approaches and on the importance of spatial planning in rural development planning. He argued against development projects that cannot be widely replicated and emphasized the need for low-cost development processes that empower the peasantry to produce their own wealth. He also stressed the importance of using politically and territorially centered units for planning and managing development activities. The use of such units allows for the movement away from central government agencies that have thus far proven to be unresponsive and inefficent in meeting development needs.

Dr. John Sommer, Special Assistant to AID Administrator Douglas Bennet, addressed the Conference regarding the potential role of intermediary organizations in rural development. Dr. Sommer described the plans of AID's new administrator to make greater use of non-government organizations (NGOs) and private voluntary organizations(PVOs) as intermediaries for rural development. The presentation and subsequent dialogue made it clear that NGOs and PVOs have a useful role. Though there are increased opportunities for using intermediaries, in most cases they are not a substitute for direct-hire personnel. There will continue to be an important role for direct-hire staff to plan, program, manage, evaluate and redirect intermediary activities.

On the final morning of the Conference the several workgroups presented their conclusions and recommendations at a plenary session. Immediately following this, Douglas Bennet, Administrator of AID, responded to some of the major issues raised during the Conference. His remarks emphasized the key rural development role of donor agencies, and outlined the internal policy and procedural revisions underway in AID support of the New Directions mandate.

Harlan Hobgood, Director of AID's Office for Rural Development and Development Administration, concluded the Conference with a presentation on "The Future of Rural Development." Mr. Hobgood, in discussing rural development prospects in the 1980's, noted that many forces already in effect will combine early on to frustrate and delay the well intentioned efforts of committed development practitioners. In the long run, as new rural development concepts are experimented with and refined, a rebalancing of opportunities for sustained growth and redistribution of benefits should occur.

CHAPTER 13

INTRODUCTORY REMARKS AND KEYNOTE ADDRESS

Introductory Remarks

by

Sander Levin, Assistant Administrator
Development Support Bureau, AID

To all my colleagues in rural development, welcome to the Conference on behalf of the Agency for International Development. As we begin this Conference, it has occurred to me how we are affected by the events in Iran of the last few weeks--events of a global nature, whose meanings are still unclear, but which have demonstrated how intertwined economic development is with political, social, and cultural factors.

It will be difficult to focus on "rural development" over the next few days as broadly defined as the term is today. But I hope that we will be able to take advantage of this unusually rich mixture of people with diverse backgrounds, diverse interests, and diverse experiences and begin to clarify where we should be going from here in terms of rural development issues and the development process.

Tonight in his keynote address, Hernan Santa Cruz is going to talk about the issues of rural development (WCARRD) from four different perspectives: (1) what rural development looked like prior to WCARRD and what the issues, factors, and dynamics were; (2) what actually occurred and what seemed to be happening while it was happening; (3) follow-up plans developing from the issues and discussions of the WCARRD; and (4) what they represented as a challenge for the future.

Since 1973, Mr. Santa Cruz has served as President of the Centre International pour le Development in Paris. During this time, he has served as a consultant to a number of U.S. organizations and prepared several studies on technical assistance and economic development. Recently, he has served as Secretary-General of the World Conference on Agrarian Reform and Rural Development. He also served as President of the First World Conference on Agrarian Reform in Rome in 1966. Since his current appointment as Special Representative of the Director-General of the Food and Agriculture Organization expires in 1979, he will address the Rural Development Conference from his own perspective rather than as a representative of FAO.

Rural Development: Today's Dilemmas, Tomorrow's Challenge

by

Ambassador Hernan Santa Cruz

I should like to express my profound thanks for the invitation extended to me by the United States Agency for International Development to address the Conference on "The Challenge of Poverty: Rural Development in the 1980s."

I was happy to accept this honor because the subject of this Conference concerns one of the most critical problems facing mankind, and because activities such as this Conference can enable the conclusions of the recent World Conference on Agrarian Reform and Rural Development (WCARRD)--not only not to remain on paper but to become the springboard for fertile action contributing to the solution of the dramatic situation of the depressed rural areas of the developing world. Your Conference, therefore, cannot but be most timely, and it represents a major aspect in the follow-up of WCARRD which the countries participating in it undertook to pursue individually and collectively.

The Present Situation in the Rural Areas of the Third World

I realize that there is no need to go into great detail, before this audience of specialists, concerning the global dimension of rural underdevelopment in the Third World and the poverty and need which are part of it. However, in order to set the discussions of this Conference in a proper perspective, I feel it is necessary to recall certain situations and facts which have been discussed recently by the very high-ranking international personalities and which have been confirmed in studies of unquestioned authority.

The basic document of the World Conference on Agrarian Reform and Rural Development, "Review and Analysis of Agrarian Reform and Rural Development in the Developing Countries since the Mid-1960s," which in the opinion of experts is the most exhaustive international study on these problems, in the summary of its conclusions states the following:

> More than two billion people (about half the population of the world) live in the rural areas of the developing countries. Most of them derive their livelihood from agriculture, fishing, and forestry or from closely related activities. They include a large proportion of the world's poorest, undernourished, and illiterate people, mainly concentrated in the Far East and Africa, but with a significant number also in the Near East and Latin America. The problem of rural poverty has grown since the mid-sixties. Improvements in living conditions have chiefly benefited the urban population, which is smaller but is growing faster and is politically more powerful, thus widening further the gap between rural and urban areas with

respect to incomes, services, amenities, and the general quality of life. Moreover, differences within the rural population have also widened: in many countries the small improvements that have been achieved have mainly benefited the landlords, the larger farmers, and others who were already actively well off, rather than the smaller farmers, the growing numbers of landless agricultural laborers, and the rest of the rural poor.

Since 1965 there has been a rapid migration of rural people into urban areas. In the decade 1965-1975 the rural proportion of the population fell from 85 to 80 percent in Africa, 81 to 78 percent in the Far East, 47 to 40 percent in Latin America, 69 to 62 percent in the Near East, and 80 to 76 percent in Asian countries with centrally planned economies. Even so, the rural population in developing countries increased by 320 million in the decade (an average annual rate of 1.7 percent).

Over the same period the agricultural labor force increased by 61 million while the area of cultivated land grew but slowly. To the 750 million hectares of land under cultivation in 1965, a further 61 million hectares were added by 1975 (an increase of 8 percent), most of it in the late sixties. With the exception of Latin America (which already had a relative abundance of land), the increase in the amount of arable land has not been sufficient to improve land/man ratios. Some of the most densely populated countries of the Far East experienced deterioration in land/man ratios during the period under review. The same is true of Africa and the Near East. In Asian centrally planned economies, land/man ratios have remained more or less constant."

It should be mentioned that the document "Review and Analysis" which I have quoted was based on more than 50 country studies, on rial existing in FAO and on the contributions of the leading speciali- agencies and consultants of high academic standing.

To complete the picture which I have outlined, I should also men-, although briefly, other situations which accentuate its gravity. of them is the very widespread and rapid degradation of natural re- ces in the rural areas of the Third World, particularly forests, r, and soil, which to a large extent are the result of over-utiliza- by the poor peasants who lack inputs, money, and technical help. degradation is also caused by the breakdown in the ecologic balance lting from the substitution of traditional farming methods which in harmony with the environment. Growing desertification, unemploy-, and the decrease of food production are also the direct consequence irrational use of natural resources.

The situation is driving millions of inhabitants of those areas to emigrate to cities, thereby creating a frightful problem of urban concentration with extremely grave environmental, economic, and political repercussions.

I can scarcely find words to assess such phenomena and their consequences: acute rural under-development is casting the spectre of hunger over the whole planet, is checking the very development of the Third World, and consequently affecting the stability and expansion of the world economy and widening the dangerous social, economic, and political gap between the urban and rural areas It is a growing threat and causes grave internal and international conflicts.

Rural Development and Hunger

I should like to dwell a little on the relationship between rural development and what I have called the spectre of hunger.

Naturally, at the FAO Conference now being held in Rome, that problem has occupied a dominant place in the statements of the participants and special guests, among them the distinguished figures of His Holiness John Paul II and the President of Zambia, His Excellency Kenneth Kaunda.

Mr. Edouard Saouma, Director-General of FAO, in informing the Conference on the present world food situation, stated:

> "32 countries are facing unfavorable crop conditions. Wheat and coarse grains production will fall by some 62 million tons in 1979 and is estimated at 30 percent below the longer term trend. Rice production also is forecast to be about 2 percent less than last year. Production of cereals will thus fall significantly short of consumption requirements.
>
> The number of under-nourished, mostly women and children, in developing countries continues to increase.
>
> At the same time, cereal imports of developing countries are steadily rising. During the 1970s they have grown more than twice as fast as in the 1960s. And the recent increases in grain prices could add two billion dollars to their import bill, while in 1978 the prices of jute, rubber, and tea were only half their 1960 level compared to the world prices of manufacturers.
>
> In absolute terms and as a proportion of total cereal imports of the vulnerable developing countries, food aid remains much less than it was in the late 1960s.

The failure earlier this year of the United Nations Negotiating Conference on a New International Grains Arrangements has left a dangerous gap in world food security."

If to these facts we add that the annual increase in food production in developing countries, which during the decade of the '60s averaged 2.9 percent, dropped to 2.6 percent during the '70s, and in Africa to only 2 percent, we have to conclude that this situation is exceptionally serious. In the World Food Conference of 1974 and the Program of Action for the New International Economic Order approved by the Sixth Special Session of the General Assembly of the United Nations, the world community emphatically stated that the threat of hunger could be averted only through a substantial increase of food production in the developing countries.

On his part, His Holiness John Paul II affirmed that

"The fight against hunger can no longer be conducted by appeals to sentiment, by sporadic and ineffective outbursts of indignation. It is the praiseworthy resolve of your organization to persist in seeking out the best ways and methods adapted to the concrete conditions in each country and to make provision for their prudent application.

It is over, the period of illusion when it was believed that the problem of underdevelopment and differences in growth between various countries could be automatically resolved by exporting the industrial models and the ideologies of the developed countries.

It is over, the attempt to guarantee food for all by aid programs based on donations or surplus goods or emergency aid programs in exceptional cases."

He added:

"However, of all the problems engaging your attention and the attention of the world, the most serious and the most urgent is that of hunger. The very existence of millions of people is endangered; every day many die because they do not have the minimum amount of food they need. And it must be recognized, alas, that, as is being made cruelly evident at the moment, hunger in the world is not always due solely to unfavorable geographic, climatic, or agricultural conditions, which you are attempting to remedy little by little; it is caused also by men themselves, by deficiencies in the organization of society which prevent personal initiative, even by terror and the oppression...[by in]human ideological and practical systems."

Finally, President Kaunda said:

"But freedom and human rights without food are like freeing a prisoner and then not giving him the key to get out of his cell. The 450 million people who today live in the shadow of hunger and death from malnutrition can never be free men and women, however entrenched their other freedoms may be.... The evil social and political consequences of hunger can no longer be confined to the hungry areas of the world in these days of quick mass communications.... The enemy to our freedom is not the hungry person. It is hunger. The battleground is not the country of starvation. It is the whole earth because the result of the defeat of one people has far-reaching consequences for humanity. In this matter of hunger, let humanity see itself as one people ranged against hunger. For so long as a section of humanity is deprived and hungry, for that long will hunger continue to lurk silently in the shadows of the banquet halls of the affluent peoples. If we have no conscience to trouble us, let us at least have the instinct of self-interest and self-preservation to prod us into exceptional effort to wipe out hunger."

The World Conference on Agrarian Reform and Rural Development

If we analyze the main objectives of this Conference and the subjects it will discuss, we must conclude that the answers to the questions they raise will have to be inspired by the Declaration of Principles and the Program of Action of the World Conference on Agrarian Reform and Rural Development adopted by acclamation after a very thorough and exhaustive process of preparation. Judging by the reactions which have been transmitted to us by governments and confirmed by the ministers of Agriculture during the FAO Conference now underway, by international and national, governmental and non-governmental organizations, by study centers, farmers, and educated, informed people, WCARRD will prove to be a major landmark in the hard and difficult road to promote the economic and social development of the countries of the so-called Third World.

Those very favorable comments are justified in my opinion because WCARRD evolved from a careful preparation for which FAO received clear and positive directives from its 19th General Conference in 1977 and from

its five Regional Conferences in 1978. It had the benefit of a remarkable collaboration on the part of governments (that contributed 86 country reviews) and the generous contribution of the United Nations and the other competent organizations and bodies of the system, as well as the intellectual input of high level consultants, among them a few from universities of your country. There was a very large and distinguished audience: 140 countries, 4 Heads of States, 90 Ministers, 3 National Liberation Organizations, 1,385 delegates and observers, 23 organizations and bodies of the UN system (six of them represented by their Director-Generals) 40 non-governmental organizations, 87 representatives of institutions, peasant associations from 40 of the poorest countries and 400 journalists from all over the world. Additionally, there was an exceptionally lively, open and frank debate centered on the Declaration of Principles and Program of Action that totally avoided political aspects not related to the agenda. Finally, a very broad consensus of that Declaration of Principles and Program of Action was reached.

I would like to emphasize that the discussions and conclusions of WCARRD resulted in a better awareness for both developed and developing countries, not only of the magnitude of rural poverty, but also of the interrelationships among its multiple causes. It also gave delegations a better understanding of the political and economic constraints facing governments in their reform efforts.

The Conference brought out clearly that agrarian reform and rural development decisions are essentially political in nature. When a government undertakes genuine agrarian reform, it seeks to transfer resources, as well as economic power and influence, from one group in society to another. As a consequence, action in favor of the rural poor will not be easily accepted by existing, pre-reform power structures. The governments have to create new structures which increase the participation of the poorer groups, not only in access to resources but in the process of decision making. Therefore, the political structures must undergo reform as well.

The Declaration of Principles and Program of Action which the Conference adopted by acclamation clearly recognized these needs. They are by far the strongest and most precise ever made on behalf of agrarian reform and rural development at the international level. The Program of Action goes into great detail in the steps the governments wish to follow in regard to the issues, which are also on the agenda of this meeting.

Doubts may of course arise as to whether these governmental commitments, involving transfers of resources, power, and influence within their societies are really sincere or whether they reflect another manifestation of conference rhetoric. I am convinced that most governments are sincere and that they are determined to implement the Program of Action because WCARRD showed more clearly than ever before that national growth will have no meaning unless coupled with progress in the rural areas.

As a further indication of this commitment to rural development, I would also like to point to a unique feature in the Program of Action: in it, the governments of the developing countries agreed to a monitoring of progress in reducing rural poverty to be carried out with the assistance of FAO and other members of the UN system. No previous conference had agreed to international monitoring of what is essentially national action, and I believe this shows how earnestly the Program of Action is taken by developing countries and the faith they have in the capacity of FAO and the UN system to help them.

I have, therefore, great confidence in the seriousness of the steps most of the governments propose to take in implementing the Program of Action, provided of course that the technical, economic, and financial cooperation will not fail. And this brings me to the responsibilities of the developed countries in regard to the WCARRD recommendations.

The Responsibilities of the Developed Countries in the Rural and Third World Countries--WCARRD Recommendations

The conclusions of the Declaration of Principles and Program of Action with regard to international strategies and policies in the context of the New International Economic Order are based on three fundamental premises.

The first premise is that the dramatic situation of social and economic under-development in the rural areas of the Third World has assumed planetary dimensions with dangerous social, economic, and political repercussions throughout the entire world.

The second is that although the developing countries have primary responsibilities for their own development, national efforts are bound to fail if not supported by vigorous international cooperation. This applies, in particular, to the poorest countries. And this cooperation cannot take place except in the framework of a fair international order based on principles which require profound changes in concepts, objectives, policies, and attitudes. Rural development should be conceived as an important element of the overall economic and social development of each country.

The third premise is that national strategies for rural development must include economic, social, and institutional structural reforms that cannot be disassociated from measures to bring about a new international division of labor; to promote effective cooperation at technical, technological, and financial levels, both among developing countries and by developed countries; and to foster the elimination of obstacles in the way of commercial and technological exchanges.

For these reasons, the Conference adopted strong conclusions and recommendations regarding a host of external factors: access to markets, terms of trade. elimination of protectionist measures; external private investments, including the adoption of a code of conduct for transnational corporations; increasing official development assistance and the terms in which it is granted; and economic, commercial, and technical cooperation among developing countries.

In carrying out its obligations to identify all the obstacles, both internal and external, in the way of an accelerated rural development, WCARRD also specifically identified measures to remove them. It showed unequivocally the negative effect of current international policies on rural development in developing countries and on the chances of achieving structural reforms in the rural sector. Thus, it gave a new dimension to the world dialogue on such basic questions as trade, external financing and investment and contributed new and valuable factors in order to speed up the process of changing present international relations within the framework of the New International Economic Order.

Of course, some of the statements and recommendations in the Report regarding international policies were the subject of reservations by certain industrialized countries, among them the U.S. Equally, the Group of 77 declared that these reservations raised doubts about the support and cooperation of the industrialized countries in the field of agrarian reform and rural development. On the other hand, all countries, without exception, agreed to "undertake the early and faithful implementation of all commitments aimed at the liberalization of trade and continue the process of negotiating jointly with developing countries in appropriate international fora with renewed determination to resist protectionism."

The Follow-Up of WCARRD

The Program of Action and a special Resolution on follow-up adopted by WCARRD recommended to governments and to the international organizations concerned with FAO as a lead Agency, to take immediate measures to implement the Declaration of Principles and Program of Action.

It is very gratifying to note that these recommendations have been taken very seriously by governments and the international organizations. FAO has not failed to discharge its special responsibility, not only in preparing its own follow-up program but also by cooperating with governments and other organizations.

Governments

On July 31st the results of the Conference were presented to the U.N. Economic and Social Council which invited the Director-General of

FAO to submit the Report to the General Assembly and to the Preparatory Committee for the New International Development Strategy. This was done at the beginning of October, and on November 9 the General Assembly approved by consensus a draft resolution in which it noted with satisfaction the results of WCARRD, endorsed the Declaration of Principles and Program of Action, and urged all U.N. Member States and the international organizations, organs, and bodies concerned to take appropriate measures on a priority basis in order to implement them.

As an example of the developing countries' determination to implement the Program of Action, I would refer to a recent important event. FAO, through its Regional Office, recently convened a consultative meeting in the Far Eastern region for government representatives to discuss follow-up action. The meeting was attended by representatives from all the countries in the region. The results of their deliberations are extremely encouraging. They have themselves voluntarily agreed that each government should set up a coordinating committee in order to integrate the various inter-sectoral efforts in implementing the Program of Action and to monitor progress. They have also agreed to undertake a number of practical steps by dividing the period of implementation into various phases. In the first phase, they will draw up an inventory of the various national projects and programs which would need readjustment in light of the Declaration of Principles to which these governments are no committed. The measures they propose to undertake during the first phase of the implementation, that is until the end of 1980, will bring to light further efforts needed to modify national development strategie in order to achieve the objectives of the Program of Action.

If the other regions have similar consultations and agree to take preliminary steps needed in the light of their social and economic conditions, the governments will maintain the momentum created by the Conference in shaping their policies and strategies to make a frontal attac on rural poverty. I have just been informed that the countries of the Andean Pact Region are discussing a project of the same character.

During the past weeks, important and very positive consultations have taken place between FAO and representatives of the Nordic countries, to identify the best ways and means to help the developing countries to implement their commitments regarding rural development. The countries belonging to the Andean Pact in South America are also considering some joint action in the same direction.

During the 20th FAO Conference, almost all the Ministers have praised WCARRD and its conclusions and have expressed their willingness to cooperate. This is very encouraging.

International Meetings

Immediately after the World Conference, FAO called a meeting of the U.N. Task Force on Rural Development of the Administrative Committee on Coordination (ACC) to jointly analyze the manner of the implementation of the recommendations of the Conference. At that meeting the members of the Task Force gave their full support to the Program of Action and the Declaration of Principles. They expressed their firm intention to intensify their efforts for the promotion of rural development in their respective spheres of responsibility and to participate individually and jointly in the implementation of the Program of Action.

With this same objective in view, FAO has organized interagency meetings at the regional level. One for Latin America was held two weeks ago in Santiago and made several important decisions. Another is scheduled in Bangkok in December.

FAO Special Measures

As a result of WCARRD, FAO has strengthened its rural development activities in its own action programs. The various departments of FAO continue to be involved in these activities through the Interdepartmental Committee on Working Groups. It is the policy of the Director-General that the objectives of accelerated rural development should be ever-present in the main activities of FAO. The Director-General has already submitted a large and balanced program on the subject to the 20th General Conference. This program seeks in the first place to bring about a change of orientation in FAO's activities so that they are directed much more than in the past to the objective of rural development. Among other measures, the FAO program includes an increase in technical assistance to meet the requests of governments (in connection with their formulation of strategies and the implementation programs and projects of agrarian reform), thus strengthening FAO's role as catalyst to make available more public and private investments and public loans; to assist countries in the pursuit and evaluation of their targets; and in the analysis and exchange of information and sharing of experience.

The Challenge of the Future

I have been requested to include in my address my views on the major dilemmas currently confronting the development effort and on the challenge that confronts rural development practitioners and donor agencies as we move into the eighties. It is not an easy task to cover this complex problem fully, but I shall try to compensate for my limitations by speaking very frankly, since I assume that, although the

invitation I received was extended basically because I was the Secretary-General of the WCARRD and still am for a few more weeks the Special Representative of the Director-General of FAO, the organizers undoubtedly took into account the fact that for more than thirty years I have been involved in the big debates on the development of the Third World, the promotion and defense of human rights, rural development and agrarian reform, the transnational corporations and their effect on development, and the independence of the Third World. As I think that these problems influence, to a greater or lesser extent, the effectiveness of the policies necessary to face the challenge of the eighties in the rural areas, I believe it is necessary to set my remarks within a wider framework than that which seems to be indicated by the agenda of this Conference. In doing so I shall proceed from the specific to the more general.

In the first place, it is essential that there be no weakening of the political will demonstrated by the heads of the developing countries at WCARRD regarding the priority which should be given to rural development policies through economic, social, institutional, and environmental reforms aimed at transforming this sector into a dynamic element in the country's economic, political, and cultural life. This means full implementation of the WCARRD Program of Action, the components of which are complementary and form an inseparable whole.

Secondly, although priority attention must be given to the elimination of the most extreme poverty in both rural and urban areas, this objective cannot be tackled in isolation, but must be included as part of an integrated strategy for economic and social development. Without this integration, anti-poverty efforts are condemned to rapid failure and entail the risk of confusing development action with emergency aid or charity and creating even more dangerous imbalances than those which already exist. The economic, social, cultural, institutional, and environmental transformations of the rural areas--which is what constitutes rural development--entail efforts on a number of fronts, among them that of giving a suitable direction to the central development policies of each country.

Thirdly, it is for me an indisputable fact that there is a close relationship between the economic and social development of a country, and the respect of fundamental human rights--political, economic, social, and cultural. This leads me to the conclusion that the rural areas, which represent the most depressed sectors of the developing countries and include emarginated populations subjected to discrimination, can only achieve authentic development in democratic, free, egalitarian, sovereign, and independent societies in which there is real participation by the people, including women, of course. Experience shows us that in countries where no attention is paid to rural development and even the need for carrying out reforms is denied the political and social regime does not possess these characteristics.

Fourthly, as I have already mentioned in describing the WCARRD discussions, I am fully convinced that until there is authentic, worldwide solidarity on the problem of hunger and poverty, including the rural areas, expressed through a fundamental change in economic and trade relations between the affluent and the needy world, even the most determined efforts that the developing countries may undertake will not bring about any substantial change in the ever more lamentable social and economic situation now prevailing.

Almost without exception, the heads of the delegations from developing countries emphasized this fact with great conviction in their statements to the FAO Conference now in progress. His Holiness Pope John Paul II forcefully conveyed the same message. An appeal in the same sense was also made by the Presidents of Bangladesh, Senegal, and Tanzania at the WCARRD and repeated again by President Kaunda of Zambia at the 20th FAO Conference. The Heads of State and of Government of the non-aligned countries who met in Havana less than two months ago adopted the same position.

In these circumstances, it is understandable that the developing countries should feel deeply frustrated at the reservations expressed by large industrial countries regarding the recommendations on international policy in the WCARRD Program of Action.

As a result of the evidence made available at the Conference, and the new and firm request put forward by the developing countries, it is to be hoped that these governments, after having had the opportunity to make a calm and careful study of the recommendations, will find it possible to withdraw their reservations, and that cooperation will be in keeping with the magnitude of the problem.

Bearing in mind also the speeches to which I have listened at the present FAO Conference, including those of the big Western powers, I cannot understand why it should be that at international conferences, after the global dimensions of these problems have been unanimously acknowledged and the factors which determine them have not been seriously contested, the rightful claims of the developing countries come up against a wall of insurmountable incomprehension when to comes to the moment for making decisions.

Need for Better Utilization of the United Nations System

This lack of understanding and support to which I have just referred is seen very clearly in the attitudes adopted toward the United Nations Agencies, and more specifically FAO, which has the main responsibility for rural development. The industrial powers which I have just mentioned have unreservedly praised FAO's programs, its new dynamism, its realism, the quality of its short- and long-term studies, the high quality of the

food security plan, the efficiency with which the Director-General and his collaborators work and with which the organization is administered; yet at the same time I have observed the difficult discussions that have to be conducted in order to obtain approval for budgetary increases which barely cover the costs caused by inflation. I therefore think it is necessary to look at the United Nations agencies from a new angle and with a new spirit, conscious of the fact that such institutions are working for the benefit of all humanity and that therefore all countries are jointly responsible for their success or their failure. It has wrongly been thought that in the economic and social field their action could benefit only the Third World. It is therefore necessary to remember the initial concept of the Charter of the United Nations: that international cooperation should ensure the welfare of all human beings as a prerequisite for peace and collective security. This is particularly valid when we consider that the changes taking place in the world, the extension and multiplication of major political and economic crises, are turning the United Nations system into an indispensable tool for resolving these crises successfully.

Procedures and even certain obsolete and simply inefficient structures in the UN agencies will undoubtedly have to be altered. But the agencies themselves are irreplaceable, and I have no hesitation in affirming that with regard to rural development FAO is fully prepared to exercise its acknowledged leadership, and that joint and coordinated action by FAO and the United Nations, ILO, UNESCO, WHO, the World Bank, UNIDO, UNCTAD, UNICEF, and other UN agencies is destined to give a strong impulse to action by governments.

In a word, Mr. Chairman, I think that the so-called "donor countries" should not only increase their direct cooperation but also much more effectively than at present the instruments for international cooperation which were set up on their initiative in order to resolve problems which are not only still with us but have even grown worse.

Mobilizing the Non-Governmental Organizations

I should also like to refer to the importance of the activities of the non-governmental organizations in promoting rural development policies. The solution of this problem requires a gigantic mobilization of world public opinion around the problem. The first essential step is to make the public aware of its dimensions, its gravity, its serious economic, political, and moral repercussions, and the positive achievements of WCARRD. There should then grow up a widespread, active movement to put pressure on governments, parliaments, teaching and research institutions, and mass media to promote the implementation of WCARRD's Program of Action. This is indispensable. There now exists in Asia and Latin America numerous non-governmental organizations which concern themselves with agrarian questions. But the ones that carry the most weight

with the public in the developed countries are undoubtedly the European movements, and above all those in the United States which have worked so much and so effectively in activities connected with the most distressing problems of developing countries and which have had a great influence in improving their country's cooperation in resolving these problems.

To conclude, I wish to make a statement and an appeal:

With absolute conviction I say to you that the Third World, which is divided in many ways, nonetheless stands firmly united in the face of the injustice represented by the present international economic order. I am among those who still hope that, through negotiation inspired by common interests, the present international order can be fundamentally changed. However, an agonizing fear is growing that, owing to this increasing accumulation of injustice, the concentration of economic and political power, and ever more egoistical national policies, the world is marching inexorably toward catastrophe.

A frontal attack against acute poverty and underdevelopment, with the active participation of the entire world community, would constitute a most powerful element in arresting this dangerous trend.

CHAPTER 14

ALTERNATIVE PERSPECTIVES ON RURAL DEVELOPMENT

The Peasantry and Rural Development

by

Alain de Janvry, Ph.D
University of California, Berkeley

I'm going to address what I see as the fundamental issue for this Conference, namely, the difficulty in implementing rural development policies and programs. The difficulty largely originates from establishing--in the idealistic sense--the conditions that should prevail in successful rural development efforts. For example, Ambassador Santa Cruz gave a list of preconditions that have been established as necessary for successful rural development. However, we usually deal in situations where those preconditions do not exist. So, we are caught in a dilemma of ideal norms versus the pragmatic concerns of poverty, food crisis, malnutrition, and hunger. We are confronted with a vision of how things should be ideally before we even enter with rural development programs and technologies.

One of our objectives here should be to identify the minimal preconditions that permit meaningful entry into rural development--entry that will permit the fundamental improvement of the welfare of the poor. How do we open the door sufficiently wide enough to allow the access of available rural development instruments? What is the process for opening the door so that instruments are used in a progressive way that makes existing structures more responsive? Rural development is a very difficult task because we deal with this dilemma--the ideal hope and the difficult reality.

In the area of rural development, I think it is very difficult to make generalizations. Peasant systems are different; political systems are different. My remarks are based on the Latin American situation, which is where I have the most field experience.

Rural development work should be initiated with a benchmark study to demonstrate what kinds of social maps and political institutions exist in rural areas. The typical Latin American social map where rural development projects (credit, technology, and infrastructure directed at peasants in an integrated fashion) occur is sharply unequal. This fact dramatically conditions the political viability and the economic and social consequences of rural development projects. In general, this map is composed of the following three groups:

- Commercial Farms and Plantations That Control Most of the Land and Produce the Majority of the Agricultural Surplus. Agricultural development, supported by sectoral agencies following the "purchase model," is the approach to increase production on these farms. A severe conflict usually exists

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between rapidly expanding export and industrial crops (induced by favorable terms of trade and integration with international agribusiness) and generally stagnant stable crops (with many remarkable exceptions, such as wheat in Mexico and Brazil or rice in Colombia and the Dominican Republic).

- Subfamily Farms That Incorporate the Majority of Peasants on a Minute Land Basis. On these peasant farms the resource base is so limited and deteriorated that external sources of income dominate, and modernization via technological change is essentially meaningless for purposes of both welfare improvement and increased market delivery. This mass of peasants is fundamentally reduced to the status of a labor reserve.

- A Small Fringe of Upper Peasants* Where Production and Welfare Can be Raised by Rural Development Programs. Thus, rural development programs have a well-defined and narrowly confined clientele, the minority of upper peasants.

It is in the third group, the small fringe of upper peasants, where rural development currently has meaning. This is the fringe of people in which both production and poverty can be resolved with the rural development instrument. This suggests another reason why rural development is so difficult. It is one instrument with two purposes: dealing with production and dealing with poverty.

Given current conditions in rural areas, there is really a very narrow target population where both production and poverty can be dealt with without major structural change. On the one hand, where land is concentrated, agricultural development can be used as the strategy of change. Green Revolution technology is delivered not by integrative schemes, but by making those services available and commercially interpreted. The rural poor can shop for themselves and derive those available services. On the other hand, most of the poor have such a minimal land base that even technology, credit, and infrastructure schemes have, in fact, a very minor impact on their welfare and production.

Some of the difficulties with rural development stem from the failure to identify receptive clientele for rural development schemes. The first step, then, is to identify clearly where the target population is located. What this means for USAID is that if rural development is going to be a meaningful and widespread strategy of development, preconditions different from the present existing conditions need to be established. The

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*Upper subfamily farms and family farms.

semifeudal relations of bondage (rent in labor services and debt peonage) and of sharecropping (rent in kind) must be eliminated. In Latin America these forms of surplus extraction have today largely been eliminated, in particular through threats of land reform. Second, access to additional productive resources must be provided via redistributive land reforms. Hence, successful rural development must not be proposed as a substitute for redistributive land reform (e.g., Colombia and Ecuador), but as a necessary complement after land reform has occurred (e.g., Mexico, Peru, and the Dominican Republic).

This is an area of substantial debate. Those concerned with rural development are divided into two camps. First, there are those who say that the peasantry already has a sufficient resource base to adopt an evolutionist strategy. In other words, the peasant system can be modernized by developing intermediate technology via adaptive research and building on the existing institutions and peasantry. Second, there are those who say that the peasantry is much more worker than producer. This group argues that the real peasantry is such a small group that there is no way of getting rural development schemes implemented without having massive land reform. If this is the case, why are there so few land reforms happening today? This is a question that must be treated for rural development to occur.

Peasants are frequently dominated by others. Their surplus is usually extracted for the benefits of these other groups. This happens via a variety of mechanisms: for example, rent. The main issue relates to the terms of trade. The supression of food prices blocks the possibility of retaining a surplus for investment and thus stifles the transformation of peasant agriculture. The issue of cheap food cannot be adequately dealt with at the level of a rural development project or scheme. The issue of cheap food is a national economic policy. Moreover, it is an issue of cheap labor, and cheap labor is an issue of industry and wage formation--how wages are determined, and why it is that wages remain low in most of the Third World countries. In most countries, unfavorable terms of trade for wage goods, which induce the bias of commercial agriculture toward the production of exports and industrial inputs, constitute a major stumbling block for rural development projects. Its elimination requires a national policy of incentives to food production.

Some of the preconditions dealt with the availability of adequate technology. There's a lot of active research in developing appropriate technology for peasant farming. But, in my reviews of rural development schemes in Latin America, I have been impressed by the fact that such technology is not readily available. The belief that the green revolution is perfectly divisible and that the technology of the green revolution applies just as well to a half acre farm as to a 200 acre farm is not correct. There are different peasant systems that must be understood;

technology has to be developed for these specific systems. Substantial efforts are currently being made to develop peasant technological packages by using adaptative research and on-farm research to improve existing production systems. Progress, however, is slowed by the enormous heterogeneity of peasant systems and the consequent high delivery costs.

Another point I want to mention is that the peasantry is really not a stable social form. The peasantry frequently gets transformed, often via the very mechanism of rural development. Thus, isn't rural development a way of accelerating the elimination of peasants? If peasants are fed technology, then the infrastructure is going to induce the process of elimination and concentration--where some peasants are going to be displaced, others are going to be concentrated on the land; and others are going to become workers and flock to the city or work on concentrated commercial farms.

At the same time, rural development could also be seen as a mechanism for reconstructing and defending the presence of peasantries as an important force of development. It is important to realize that one has to introduce, as part of rural development, a set of mechanisms that are going to control the process of differentiation, expropriation, and land concentration. We need mechanisms which protect the peasantry, slow down the process of mechanization, and further modernize without eliminating those we are attempting to assist.

Even with an extensive land reform, usually it is not possible to give the bulk of peasants access to land. Today the countrysides are overpopulated; there is much surplus labor. But even land reform is going to leave a large fraction of the population depending on wages and employment. This opens the issue of regional development and the introduction into rural areas of activities beyond agriculture production, beyond credit technology, and beyond infrastructure--in other words, rural development.

An important issue here is what kind of industries. On the one hand, there are those who use cheap peasant labor to produce commodities for an existing market--maybe a market abroad or a market for luxury goods in the cities. The alternative is to see peasants involved in an industry or a production process in which the types of products being produced are fundamentally to satisfy local supply and wage needs. This is what I call the idea of sectoral and social articulation. Sectoral articulation implies forward and backward linkages between agriculture and industry such that rural industrialization is either for agriculture or based upon it. Social articulation implies that the expanding market for rising rural-industrial production is fundamentally created by rising rural real wages and not by luxury consumption or exclusively by exports.

In the long run, one of the fundamental propositions or guidelines in planning technological options or products for rural industries is wage goods. These are goods that are being produced where the market has to be created by wages, and hence, any kind of productivity gain ultimately has to be matched by wage increases.

The final point is that the purpose of rural development is the creation of ideas and institutions. I have not said anything here about the issue of institutional change or the problem of decentralization. But clearly the issue of peasant mobilization and participation is the main guardian, the main insurance that pilot projects are going to be translated into self-sustaining projects. So, instead of using rural development as a way of by-passing peasant organizations, it should be used as a way of polarizing peasant interests and using development schemes as an entry to the induction of change. Seen in this perspective, rural development projects can be viewed as an effective entry point into peasant communities, as an instrument of social change--and, hence, of economic development--and not merely as an end in itself.

Excerpts from Discussion Following de Janvry Presentation

QUESTION:

In your last statement you seemed to go back to an idealization by talking about organizing peasant groups. Most governments are reluctant to let go of the political process to give power to rural organizations because when the peasants are organized, power bases that will counteract the governments are developed. It is disappointing to be back into idealization.

COMMENT:

I am not saying here that peasant organization and/or peasant participation is a precondition to rural development. What I am saying is that rural development in itself can be used as a mobilizing and polarizing instrument. Public health or nutrition can also be very powerful entry points into communities. When you have something to deliver, you can create a demand which, in order to be met, requires the organization of peasants. So, one starts with very pragmatic organizations that have the purpose of gaining access to those services recently available to the community. And this entry point can become the mechanism of mobilization of peasantries toward a fuller participation in services. I am not taking an idealistic stance in proposing this. On the contrary, as a program of action, rural development can be a means rather than something requiring the establishment of unfeasible preconditions.

QUESTION:

Could you say something about the Ejido system of collective ownership in Mexico? Actually, how successful has that been in recent years, given the inroads of commercialized agriculture?

COMMENT:

It has been successful for a long time; and as you know, the land reform effort there has had a positive productive effect. It certainly has permitted access or return to the land for a large fraction of the peasantry. It is clear that the system is increasingly breaking down, and part of the tremendous political tension in Mexico today reflects the fact that Ejido is being penetrated by commercial farming. For example, in the Seanolo Valley one finds that over 70 percent of the Ejidos work for wages on commercial enterprises. It is obvious that they are not egalitarian. It is a law that has been extremely effective for 20 years, even though it is increasingly insufficient in preventing the possible collapse of the peasantry. To reiterate my last point, unless the institutional infrastructure supports an egalitarian system of production, the system cannot compete. It is not just the landholders' policy, but the whole general structure of institutions in Mexico that has contributed to this particular turn of events.

The Challenge of Rural Poverty: The Agropolitan Approach

by

John Friedmann, Ph.D
University of California, Los Angeles

The concentration of knowledge about rural development in this hall is awesome, and I am sure that there is nothing new to be said in the sense that the sum total of ideas about rural development are probably quite accurately represented here. At best we can emphasize different aspects. As panelists, we represent different perspectives--an emphasis on economic variables and an emphasis on sociological variables. I will try to emphasize political variables.

We are familiar with the term appropriate technology, but I want to discuss the idea of appropriate development, specifically appropriate rural development. Perhaps the best way to get at this concept is initially to show what an inappropriate development approach would be. In a World Bank pamphlet on agriculture land settlement an interesting table appears that shows the cost of its comprehensive rural development projects on a per hectare and a per family basis. The statistics fascinated me. Here are a couple of them for illustration. In East Africa the per hectare cost in 1975 of World Bank assisted settlement projects (essentially rural development) ranged from $100 to $2,820; on a per family basis, the cost ranged from $820 to $35,000. In West Africa, the figures on a per hectare basis are from $450 to $1,060; on a per family basis, they range from about $4,000 to about $7,700; and in East Africa, the per family cost is between $11,000 and $20,000.

In Kenya, an average-sized country with 15 million people, 85 percent of whom are rural (approximately 2.5 million rural families), the per capita income in 1977 was reported to be about $277 or about $1,350 per family. If the goal is to reach 10 percent of the rural families over a ten-year period, this kind of inappropriate rural development program would cost about $6,000 per beneficiary family, 20 times the per capita GNP or four times the family GNP for a total cost of about $1.5 billion. I think that is an impossible situation, and I suggest that we have to think about programs that are very differently constituted if we hope to achieve massive effects.

A second dimension of inappropriate development is given by another World Bank statistic. In the World Development Report, a very interesting table presents two figures showing world energy resources and world energy use. A per capita figure of energy consumption expressed in terms of kilograms of coal equivalent is given for 1976. The second figure is an energy efficiency calculation that shows the amount of energy in terms of kilograms of coal equivalent consumed per dollar of gross domestic product. The

startling thing about the table is the position of the United States. In 1976 the United States had, of course, the highest per capita of coal equivalent energy--11,554 kilograms, giving a ratio of 1.5 kilograms for every dollar of GDP. By way of comparison, Switzerland consumed about 25 percent the amount of energy per capita, or 3,342 kilograms, and did so at an efficiency that was several times higher than that of the United States. In other words, they had only 0.4 kilograms per dollar of GDP. Similar figures can be read for Japan, West Germany, Norway, and Sweden--the so-called industrialized or wealthy countries.

If we go to the middle-range countries identified by the World Bank, we find very different ratios. We find ratios that are about one-tenth the amount of energy consumed on a per capita basis with the efficiency falling between that of Switzerland and the United States. For the most part, this is on the order of less than one kilogram per GDP. For example, the Ivory Coast had an energy consumption of 380 kilograms per capita and 0.4 kilograms per GDP. In Tanzania, the energy consumption is a fraction of that--68 kilograms per capita and 0.4 in the efficiency. Therefore, it seems to me that to the extent that the United States exports ideas on how to develop rural areas, our own experience in this country is totally inappropriate. We are in a sense the "overdeveloped" country, and our development should be in an energy-saving direction or the problem of energy efficiency will become a very major issue throughout the world.

So, what is appropriate development? This is not a simple question; the answer is not simply the opposite of the statistics that I have just cited. The usual approach is to put the answer in terms of eliminating poverty, but poverty is defined in terms of an income variable, income guideline, or so-called poverty line. The poverty line is set in different ways, but it ultimately comes down to a standard of food consumption. On that basis, 40 percent of the population of the developing countries live in absolute poverty, defined by income levels insufficient to provide adequate nutrition by South Asian or Indian standards. Therefore, 40 percent of the population in the developing countries is starving. The answer in economic terms is to accelerate growth and improve distribution.

Instead of looking at poverty or income, where distribution becomes a very major criteria, we can say that the actor in the situation is the peasant. Thus, what needs to be done is not to distribute the product to the peasant after it has been produced by someone else, but rather to empower the peasant to produce that product. Then the question is shifted perhaps slightly but very significantly--to an issue concerning the empowerment of the peasantry or, more specifically, the provision of the bases for accumulating social power. These include land, tools, organizations, knowledge, skills, information, financial resources, and social networks.

This emphasis on empowerment means that the people should define development in the areas where they reside. In other words, it should be a politically and territorially centered development that stems from within a given political formation and from below. It should be a development that is neither alienating the product, nor the cultural institutions, nor the political voice of people. It is a non-alienating kind of development where participation becomes more than participating in someone else's project; it becomes participating in one's own project. I look at rural development primarily in terms of political mobilization, consciousness, and organization on a territorial basis. This involves local political decision making and must, at some point, interface with bureaucratic service structures and service hierachies.

If we look at the various alternative target units for which rural development programs have been designed in the past we find generally three types: (1) the family farm or family unit and extension services created to work at that level, (2) the village, and (3) the so-called growth center, which is generally a rural town of some size. I propose a fourth possible focus for a rural development program--the district that I call the "Agropolitan District." The district is seen not as an administrative subdivision, but rather as a political entity that formulates its own priorities for action and then receives state aid and support for those programs that it has identified as being of primary benefit for itself. The most important provision--and this is not a precondition, but rather a continuing condition of any rural development effort no matter what form it takes--is that the struggle for equal access to social power must be waged continuously. We start from a position of inequality in most countries, and we cannot wait for inequality to be eliminated before we move on with development. Inequality will always exist; the question is can it be attentuated? That is a political struggle much more than a technical consideration. In the design of rural development programs by the communities, this aspect needs to be put at the center of things.

So, summing it up, I want to put politics first and techniques and economics second. Techniques and economics should be put into the service of political organization.

Excerpts from Discussion Following Friedmann Presentation

QUESTION:

You have mentioned both political power and social power. What distinction are you making between them?

COMMENT:

I use social power to mean power produced through social forms of collaboration. It is not something that we posses individually. When I talk about the basis for social power, I mean the ability to set purposes in the world and to achieve them. I see the unit of this as the household or the family, not the individual. The basis of social power for the family is its access to organizations, knowledge, and resources. These are socially produced, which is why I use the term social power.

QUESTION:

Could you say a little more about why you see the unit of agropolitan districts as the most appropriate form of rural development?

COMMENT:

I took my model for the agropolitan district from studies in Southeast Asia in particular, and in Asia in general. Basically, I see it as a district with a population of 50,000. The political and physical center of the district would be accessible to the population, and they would have a sense of participation. In an agropolitan district like this, I think the influence of entrenched power relations might be minimized. For one thing, districts as operating rural development units have not existed in the past. Therefore, they represent new constellations of power. The size--a projected population of 50,000 extending perhaps over 20 or 30 villages--provides the potential for recombining existing elements in innovative ways to further rural development objectives. The size is also convenient from an economic standpoint because it would support a fair-sized local market, offer a reasonably large service population for a full range of rural services, and provide sufficient resource space for establishing processing industries.

These districts would also be convenient for political management, as has historically been the case. Up to the late 18th century, self-governing cities in Europe had, with very few exceptions, populations of less than 100,000. The same appears to have been true for urban Asia, China, and Japan. The majority of towns are those of middle size, and even today in this country we find self-governing municipalities with populations of over 10,000 wedged inside metropolitan regions. Although size does not necessarily make for better government, small size makes for more intimate government where the forces at work are more transparent, and mismanagement can be more easily detected.

Districts are also a convenient level for the formation of a political will, which could have extensive democratic participation and an effective interface of local political processes with the state bureaucracy. The district may not always win, but at least it cannot be ignored. Finally the district would permit an approach to physical and economic planning that is reasonably attuned to local ecological conditions.

QUESTION:

How can you recommend the district level concept when it would seem to require more comprehensive planning than you indicated would be good in a rural development concept?

COMMENT:

It leads to comprehensive decision making in the sense that the total range of possibilities would be considered. I think it would lead us to a more accurate political ordering of priorities. A single national ordering of priorities cannot solve local problems. Within a very broad concept of resource allocation at the national level, the specific allocations must be arrived at through a consideration of local needs.

QUESTION:

Then your criticism here was not against comprehensive planning as such, but against comprehensive national planning?

COMMENT:

No, not exactly that either. But I would like to see the use of development planning minimized and informal planning at the local level emphasized. I think in some sense the current lack of demand for development planning reflects that planning is being done at an inappropriate level.

Social Science Reflections on Rural Development

by
Vernon Ruttan, Ph.D
University of Minnesota

While I was unable to be at the World Conference on Agrarian Reform in Rural Development (WCARRD) last summer, I have reviewed some of the WCARRD materials. I think it's fair to say that the conference assembled the most comprehensive body of materials on agrarian reform in rural development that is available anywhere. Many of the country studies and the commission studies were very well done. The thing that struck me about the WCARRD document was that it avoided a narrow economic calculus in evaluating land reform and rural development policies and programs. There was no coherent over-reaching paradigm capable of providing an organizing framework to achieve consistency or harmony among the many empirical observations in policy and program recommendations that came out of the background materials.

It seems to me that one could condense the WCARRD documents as follows: technical and institutional changes necessary to support agrarian reform and rural development could be achieved by (1) refocusing scientific and technical efforts to induce appropriate technologies, (2) providing more dedicated exercise of political will by the political and bureaucratic elites to remove political constraints and positively encourage the organization and mobilization of the rural poor, and (3) reinforcing the implementation of appropriate technical and institutional constraints.

One has to come out with a good deal of concern about where this leads. Evidence from the last two or three decades of rural development efforts has shown that the institutional changes necessary to support rural development are extremely difficult to bring about. Land reform efforts, either of the land-to-the-tiller variety or the group farming variety, have rarely been carried out successfully except under conditions of external or internal stress. Cooperative marketing and credit programs arise and disappear with discouraging frequency. Today's success stories become tomorrow's failure stories. Efforts to solve basic needs of the poorest sectors of the world population have a discouraging tendency to lead to a dependency rather than becoming a source of development.

In my presentation I will attempt to do three things: (1) expand on the "Induced Innovation" perspective which I think presents a useful organizing device for thinking about the rural development process, (2) make a few observations about some of the themes that ran through the WCARRD, and (3) make a few comments about the world of social science, particularly social science research in the generation of the knowledge needed for rural development.

I will not try to take you through the Induced Innovation theory; that's available elsewhere. Essentially, with the theory one attempts to ask in which direction the stream of technological change and institutional change is moving, and whether a person is swimming upstream or downstream. I think on the technological side there is adequate evidence that alternative paths of technological change, consistent with the labor, land, capital, and resource endowments of each society, can be made available. The appropriate path of technological change for each society is different, and the appropriate paths can be identified as a focusing device for technological effort. Much of the critical rhetoric on the new seed fertilizer technology, for example, has failed to understand the relationship between resource endowments and design of appropriate technology. The unequal distribution of gains between large and small farmers, which has been emphasized by some critics of the Green Revolution, have not been the result of an inappropriate technology. In the main, the unequal distribution has been the result of the introduction of an appropriate neutral technology into a social and political environment that is biased against the small producer.

On the institutional side, I think we have given inadequate attention to the implications of both resource and cultural endowments to the design of institutional change. We have gotten over the idea that we can simply transfer technologies and have learned that technologies have to be designed to fit physical endowments and the ecological situation. But, we still seem to be in the mode of institutional transfer, of thinking we can blatantly export ideas of land reform without redesigning them to fit the context.

In summary, I would say that inadequate attention has been given to the institutional innovations needed to release the constraints on rural development and new opportunities for development. Even less attention has been given to the influence of the resource and cultural endowments of particular societies on the possibilities for successful institutional change.

In closing, I would like to raise several issues. First of all, it seems to me that rural development efforts have a chance for success only if they are linked geographically or commercially with expanding centers of urban industrial development. In the absence of effective intersector production, labor, credit, agriculture, input markets linking urban to rural areas, it will be difficult to sustain the initial gains from rural development programs. One sees many examples of successful rural development projects and very few examples of successful rural development programs. We have been able to demonstrate that by pouring in enough professional resources and enough organizational efforts, one can have a successful rural development project. But in moving from project to program stage, we have failed to make that transition from a

situation in which one intensively uses highly professional manpower to a situation where one must use the human resources that are available. The conclusion that successful rural development efforts must be closely linked with successful urban industrial development efforts is discouraging in some respects. The implications of this conclusion are that it is going to be extremely difficult to ensure that all rural people will share equitably in the development process. It also means that many important decisions affecting rural development will lie outside the responsibility and the competence of the development agencies which work directly with rural people.

The second comment deals with land reform. Successful land reform critically depends on changes that are underway in a particular society in the land/labor ratios. It is extremely difficult to find successful land to the tiller type reforms in an environment characterized by increasing population pressure on the land. When land-to-the-tiller programs are introduced under conditions of increasing population pressure, there is a tendency for new forms of share tenure to emerge to accommodate the expanding labor force. Conversely, land reforms that employ a group farming approach have the greatest potential of success under conditions of increasing pressure against the land. Under conditions of stable or declining labor forces in rural areas, improvement in labor productivity is most privately profitable and socially desirable under these conditions. An owner-operator system--both small scale as in East Asia or large scale as in the West--has been more effective than group farms in achieving gains in labor productivity.

Under conditions of rising pressure of labor against land resources, the social objective is to achieve full employment and to maximize the number of days worked per year by the available labor force. In this situation, more group farming systems tend to be more successful in achieving these efforts than owner-operator systems. The reason for this is that the use of hired labor is a cost of production under the owner-operator system. Under a group farming or communal system, the basic needs of all members become the responsibility of the communal group. Failure to use all available labor, even at low levels of productivity, becomes a cost. In economic terms, an owner-operator system externalizes the cost of redundant labor; a group farming system internalizes the cost of redundant labor.

The third point concerns the status of the rural poor. There is an assumption throughout the WCARRD documents that the economic status of the rural poor in most countries of the developing world is becoming worse--both relatively and absolutely. However, the documentation to support the hypothesis of absolute immiserization is very weak The most comprehensive body of material is the International Labor Organizations (ILO) World Employment study, which does not support the conclusions in the WCARRD documents. The WCARRD data in support of the

absolute immiserization thesis is convincing in a couple of countries, but it seems to me that one of the things that should follow the WCARRD conference is the strengthening of national statistical capacities so we know what is happening to the number of days worked by landless laborers in developing country villages. What's happening to the kilograms of rice bought with a day's work of the landless labor in developing countries? We simply don't know that.

My fourth point deals with meeting food and nutritional requirements. In the statement of the goals and strategies of WCARRD there was strong emphasis on meeting the nutritional needs of the rural poor, which is a key element in any development strategy designed to meet basic needs. WCARRD also urged increased self-reliance to avoid excessive dependence on food. Meeting these objectives will require rather significant changes in agricultural and food policies in a number of developing countries. What I have in mind here is something like this: Over the last two decades a very strong shift has occurred toward the consumption of food grains, particularly the preferred food grains of rice and wheat, in the developing countries. This is, in part, a natural tendency resulting from higher income elasticity of demand for these products as income has grown. However, it has also been induced by price policies that have kept the price of these products too low relative to their real costs and have used the price mechanism to induce more rapid shifts in consumption than would be implied by income growth alone. The result has been a rapid shift from a grain substitute to the food grains in many countries at a rate that simply cannot be sustained for many countries.

Of the ten million tons of rice that are exported per year, Indonesia alone accounts for 25 percent. Within the last decade, the West African countries have accounted for approximately 10 percent. In my own judgment, there are a substantial number of countries where real wages are declining for segments of both the urban and rural population and where there will need to be a shift away from the preferred cereals to cereal substitutes--casavas, yams, sweet potatoes, maize, sego, etc. This is not going to be easily achieved because we have not yet laid the technical basis for expanding the production of these commodities. They tend to be perishable commodities; and with increased urbanization, the marketing problems are going to be severe. But I do not see that the increases in food grain production or the capacity to import food grains at the rate that has been going on in the last decade can be sustained.

The fifth point concerns the issue of the rural poor's participation in development. It is increasingly accepted that effective implemention of rural development programs depends, to a substantial degree on the emergence of local resources available to the disadvantaged in rural communities. I think this perspective is absolutely correct.

A society that cannot mobilize its rural communities effectively, both politically and economically, cannot have rural development. The issue involves generating resources within rural communities, not transferring resources to rural communities.

The disturbing thing about this, however, is that at the same time this declaration is being made at WCARRD, political systems in a number of new states seem to be maneuvering to keep the rural poor out of the political process rather than trying to bring them into it. The new authoritarian regimes are so caught up in accumulating the limited political resources that are available to them that they are unable or unwilling to risk the consequences: multiple centers of political power that will arise as a result of more effective organization and mobilization of rural development. Effective rural development programs will create political power in rural areas. I'm not being critical of the regimes because I think one can look at political resources the same way one looks at economic resources. There are simply very few political resources available to many of the governments, and they do not have the capacity to do anything but husband them at the center. But it creates difficulty for achieving success in rural development.

Finally, I'll briefly comment on social sciences in rural development. It seems to me that one can look at the contribution of social sciences in a parallel way to that in which one looks at the contribution of science and technology. Essentially, the payoff to our investment in agricultural science and technology is technical change and productivity growth, new income streams generated by that technology, and demands for technical change arising out of demands for those new income streams. The social sciences do not produce new technology, but they are useful for institutional design. I think we must begin to think about institutional change in terms of the capacity for more effective institutions to generate new income streams in the same way that we have thought about the capacity of biological and agricultural science to generate new income streams. We have to think about more efficient institutional changes as well as more efficient technological changes. We have begun to make progress on the technological change side, the demand for social science knowledge, and in the design of institutuions that make effective use of technology increases.

Excerpts from Discussion Following Ruttan Presentation

QUESTION:

Could you elaborate on the concept of "neutral technology"?

ANSWER:

I refer to technology that is neutral with respect to scale in the specific context. In that regard the seed fertilizer technology is "neutral"; however, it is infinitely divisible. Whether mechanical

technology is neutral is harder to say. Inventing neutral technologies is extremely difficult. For example, we have small tractors, but they require more pounds of steel and more gasoline per horsepower exerted than large tractors. It may be that social scientists are asking agricultural scientists to invent technologies biased toward small scale. If you ask scientists to invent neutral technologies, that is asking quite a bit.

QUESTION:

You seem to be in favor of source dependence in grain sources rather than food grain. How do you see the problem that arises there? In my opinion, the grain sources are even more critical than filling nutritional needs.

ANSWER:

I'm not in favor of moving down the nutritional ladder. I'm in favor of moving up, but I'm struck by the fact that the rates of economic development are such that for significant parts of the population in the poorest countries, the number of kilograms of rice a person can buy with a day's work is declining. That means that if we are going to meet nutritional requirements, we are going to have to move back down the ladder, in a sense, and look at casavas, yams, and maize as important food sources. I think that nutritionists are coming to the conclusion that, except for the very young it is possible to have a nutritionally adequate diet that is primarily vegetarian. I think we are going to have to accommodate ourselves to this idea.

On the difficulty of rural development, I would say that the difficulty of developing decentralized political systems that would enable rural communities to mobilize their own resources is a critical barrier. Without this decentralization, local communities will not have the ability to make effective use of the resources transferred to them or to generate their own resources. Unless local communities have the capacity to mobilize their own resources, we're going to continue to have lots of rural development projects, but not very much rural development.

Land reform is much more difficult because it takes so many more political resources. One has to invest a much greater amount of political resources to achieve successful land reform.

QUESTION:

Do the resources include the will to do it?

ANSWER:

I include the will, but my own feeling is that the will of political leaders is powerfully reinforced by constituencies. I don't think that political processes in most countries turn up very many good people of good will; they turn up ambitious people. The trick is to have institutions that encourage ambitious people to do good things.

General Comments on Panel Presentations

COMMENT:

I would like to begin with an observation that the three aspects presented here--rural infrastructure, rural participation, and urban-rural linkages--leave out the efforts of other inputs. Within the seven workshop topics listed for discussion in this Conference, there is a tendency to view rural areas as closed societies. However, if we think about the impact on rural poverty and rural development of the International Monetary Fund, multinational corporations, and bilateral donor programs, such as AID, I think one gets the impression that these things are either neutral or, perhaps, benign. Thus, they fall outside of the scope of our discussion. This closed system approach might be useful for describing specific country situations, but it does not provide us with enough information to deal with strategic-level or policy-level concerns. This presents problems in countries--like Sri Lanka--where projects and activities at the local level are being impinged upon, even nullified, by international banking or multinational corporation activities. Thus, I would suggest that we look not just at internal activities, but we should also look at the external forces and conditions. Perhaps our panel could comment on how these external factors will affect rural development in the 1980s.

COMMENT:

I think the question is very important related to our emphasis on the mobilization of local resources within the local political system. I think we would probably all take the position that much of what can be done at the local level depends upon the political structure at the national level. Appropriate national economic policies become extremely important in conditioning the kind of environment within which community development efforts can function.

QUESTION:

How many peasants really want to be farmers?

ANSWER:

I think the answer tends to differ greatly among countries. In general, my impression is that every peasant wants to be a farmer in those communities made up of small farms.

COMMENT:

I have a different answer to that question. I think the question is irrelevant. We are going to have more farmers next year than we have

this year. In the next 50 years we will have even more farmers in the world in absolute numbers than we have now. The proportions will decline. But, the demographic processes are such that even with very rapid rates of urbanization, the number of farmers in absolute numbers in most countries will be greater than it is today.

COMMENT:

I think the question is very good, but it seems to me that there is some confusion about what a "peasant" is and what a "farmer" is. It is important to distinguish between the two. In one case, because of the nature of the competitive system, the escape from poverty is such that if one wants to overcome the current welfare situation at the individual level, there is no alternative but moving from peasant to farmer. In that sense, development is the negation of peasants, the creation of some farmers, and the creation of a mass of dispossessed people. But there are situations that permit development to preserve peasants. That is what I was trying to get at when I referred to the cooperative system or types of control in the accumulation of land ownership. These are systems where peasants can be modernized yet remain peasants. One is a no choice situation; the other is a structural situation that allows peasants to remain peasants in spite of development.

COMMENT:

I would like to return to the previous question about external factors and national policies. If I understood it correctly, it was suggested that appropriate national policies are a necessary condition for achieving the objectives of rural development. I would like to advance a somewhat more revolutionary thesis from the standpoint of a strategy of development systems. It seems to me that our rural development efforts should be used to affect these necessary changes in national policies, national resource mobilization, and institutional and administrative structures.

QUESTION:

I would like to follow up on that comment. We agree that local rural development has to be stimulated and that local rural people need to define their own priorities and so forth. This seems to be a key issue for this group because we represent international agencies. In many ways the very presence of international agencies in local areas tends to retard the process of the people and the process of development. Can international agencies, or donor agencies, actually stimulate the local process of defining and satisfying needs <u>or</u> do they retard that process?

COMMENT:

I would like to respond to a previous comment and ask a question that may help to expand or contract the discussion. We have heard some discouraging things this morning both about per capita costs of some inappropriate rural development projects and the belief that the urban industrial centers have to be tied into rural areas to make any kind of coherent upward movement. But, we haven't talked at all about the reach of rural development activities. In fact, there is no reason to believe that very few ambitious and good-willed people in the government will be able to pull this 85 percent of the population up the development path and make it go.

Quite frankly, there are some alternatives. Couldn't we talk about involving entrepreneurs under the right circumstances, and without a government program or a major amount of resource transfer getting rural people to act in their own behalf in a way that is positive for their own employment, income, and opportunity? It seems to be that one of the questions that we should ask ourselves is how much of "development" has to be handled by government agencies and how much of it is a matter of providing incentives to some private kind of activity that has potential for becoming quite powerful for developing countries.

QUESTION:

I would like to challenge one of the fundamental assumptions that the panel is making about political mobilization. This assumption is that power and resources will flow out of mobilization and organization. It seems to me that equal arguments could be made that it is the other way around. In other words, after you have resources and power,then you can organize and mobilize. The corollary of that is the question: who can and who will pay for mobilization?

COMMENT:

I would like to make a few comments on this which lead back to some of the questions about the impact of the international financial community. It seems to me that it is utopian to hope for grassroots rural development if one does not also have an approach to rural development that comes from above. Rural development has to be approached from both above and below. Some of the conditions have to be set from above, namely a national economic policy favoring rural development. It requires a national policy in which import of cheap food is not going to negate the possibility of adopting technological change at the local level--a policy in which the use of centralized power is what permits decentralization. Decentralization is a modification of the centralized power in that it is the will, not the capacity, to move power away from the center to the periphery toward peasants.

Rural development has to be grasped dialectically from two ends: at the level of the state, which is at the level of centralized power, and concurrently at the level of the peasant communities. It seems to me that one without the other is doomed. Rural development from above leads to paternalistic, dependent, authoritarian schemes. Rural development from below has very narrow limits because it may run into external forces not receptive to its demands.

One of the things that "mobilization" means is the creation of rural organizations. The isolated individual, whether or not the person owns land, is ineffective as an agent for personal development. The creation of a variety of rural organizations at the local level is one of the key conditions for achieving power and achieving access to resources. Both power and resources are relationships; they are not entities that already exist. The emphasis is on the creation of rural organizations at different levels from the ground up.

QUESTION:

This panel has highlighted many questions concerning the role of donors in rural development situations. I want to question whether there is a discrepancy between the level that development is being discussed here and the tools that AID can bring to bear. AID basically works in a project, not a program, mode. Therefore, I want to know whether AID should be mounting and supporting programs or should it try to do better projects?

COMMENT:

It seems to me that for the most part AID's leverage is very small. Therefore, I think AID should focus on programs and use projects as experimental devices to explore the possibilities of program directions. That means that AID will have to take risks and be ready to accept failure, to recognize that a substantial number of projects are not going to succeed, and not to feel compelled to say that failures were successes when they weren't. It seems to me that if we think in terms of institutional changes and policy changes, then projects can be used to explore the viability of those changes.

COMMENT:

In terms of growth and development, we need to investigate where a locale is in terms of its growth before we can determine its needs. Some areas require basic relief before rural people can come forward for any programs. We need to be astute enough to assess when to come and go, when to give and take, and when to demand local initiative.

QUESTION:

I think this is an excellent observation because it runs counter to early pronouncements about economic development made in the 1950s. Then we had a very heroic concept of development: the old must go and the new must come in. It was called "creative destruction." Today, we have reached a different understanding, one that is pertinent to a discussion of rural development. The process is one of social learning, of gradual evolution. As Mao Tse Tung said, "A journey of a thousand miles begins with the first step." You cannot get to the end of your journey without passing through the intermediate steps. You can accelerate the steps, but you can't skip them. Understanding where you are is an important part of any design for rural development--whether at the national or local level. The question is how does this social learning experience get structured?

All three of the presentations have given us very good ideas about project evaluation, replication, and improvement. But, in essence, I think you are talking about a paradigm shift. I think you have introduced different nuances in the philosophy of development. But, what kind of guidance can you give about this new development strategy or new development paradigm? What are the implications of this kind of paradigm? What are the risks behind it?

COMMENT:

We can take as a perspective that each country or each region can be expected to follow unique paths of technological development and institutional development that are related to the resource and cultural endowments of that particular geographical or political entity and ask what this implies for an external donor agency. It seems to me that the answer lies at two levels. At one level, you can send dollars. But if you go beyond that, it seems to me that it is necessary to work with in-country professionals and within the country's political system to understand its development processes. The donor agency must have professional capacity in areas like social development, local government, and agricultural technology to be able to help countries develop the institutions and technologies that will meet their specific needs.

COMMENT:

I thought those comments were excellent, and I cannot help but be impressed by the fact that the nature of this discussion is substantially different than what it would have been ten years ago. Ten years ago we had a paradigm of development which was fundamentally based on the modernization and diffusion theory of traditional agriculture and technological change. I remember visiting a AID mission ten years ago in the Dominican Republic. A sign of the wall said "Technology is the answer, but I forgot the question."

What we have been discussing today are issues of political structure, institutional structure, and social class--issues of the nature of the state, peasant organization, and peasant movements. This is an incredible departure from what the established guidelines reflected ten years ago. What it seems to me this Conference should do is meet rural development supply and demand, viewing demand as a moving force. It is important to remember the two following things here:

(1) Internal forces determine external forces. The engine of change has to come from within the nations and from the way in which those nations determine the kind of development they want to have.

(2) Development is highly conditioned by the social class structure, by the economic structure, and by the political structure.

Thus, a program that originates from demand has to be consistently linked with the overall program of development; we cannot bypass the main issues by looking only at rural development. Rural development is part of a global strategy. What I would like to see coming out of this Conference is a formulation of demands and a way to meet them, given the resources that are available. The moving force is the internal demand, not the external response.

COMMENT:

To end on a philosophical note, 25 years ago we thought development was a question of transferring technical know-how. The objective then was very clear: increase national production. Growth and development were used almost synonymously. But we have come to realize in the last quarter century that development is an interdependent process of historical transformation. It is a question of deciding what forms of political community, economic relations, social life, and forms of the state you want.

The technical component is still there, but now it is submerged within a larger discussion. In this discussion, people like ourselves, who are essentially coming from the technical side of things, have a great deal to learn and also something to contribute. So, I feel that it is important to understand the limits of what a donor agency, such as AID, can do. What we have to do is set up situations where dialogue and mutual learning can take place. This Conference is one of those learning situations.

CHAPTER 15

ROLE OF INTERMEDIARIES IN RURAL DEVELOPMENT

by

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The Agency for International Development (AID) has supported the overseas work of private voluntary organizations (PVOs), the Peace Corps, universities, and other private groups for a number of years. The current policy is to increase this cooperation significantly. Some of the reasons for increasing cooperation include: the number and expertise of these groups have increased in recent years; host country voluntary agencies have also grown in many areas; AID's own role has become more specialized; and AID's personnel levels have declined to the point where greater reliance on others is a necessity.

There are also philosophical and political reasons for placing priority on private contributions to development. PVOs have a substantial history of involvement in basic human needs oriented development because of their earlier relief and welfare activities. Their strengths lie in their small size, flexibility, creativity, generally high motivation, and people-to-people orientation. The people-to-people orientation is now seen to be of particular importance in informing the U.S. public, and ultimately its policies, about the Third World. Another strength is that some voluntary agencies are well equipped to deal with structural impediments to change and development, particularly for the poorest groups.

Along with their strengths come weaknesses. Some of these come from the vestiges of their welfare-oriented past, some from the varying degrees of professionalism found among them and other from the extreme sensitivity inherent in cooperation between a government bureaucracy and independent-minded voluntary groups. Furthermore, their small size limits their effectiveness.

The degree to which private organizations effectively assist in promoting rural development needs further discussion, especially in the light of the above-noted trends. Can PVOs play increasingly responsible roles in assisting the implementation of what had been AID projects? Are there some countries where voluntary organizations, Peace Corps, and/or American universities might be looked to as replacements for direct AID presence? Are there some sectors--e.g., rural industries to encourage off-farm employment--where a combination of private-sector involvement, perhaps including the U.S. corporate sector, should be encouraged as part of a major development effort? Are there other ways in which AID might encourage private business initiatives in rural development? How can we further encourage private-sector initiatives that share our goal of equitable development?

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We have learned from experience that rural development is too difficult, too complex, and too costly to be amenable to solely bilateral or even multilateral aid solutions. In this regard, I would like to make a few comments about the kinds of roles intermediaries or private voluntary agencies might play in future development programs. Since my observations are incomplete, I leave it up to you to pursue these ideas based upon your own experiences and to come up with more definitive suggestions and conclusions.

One way to view the role of intermediary groups is to look at various development intervention approaches along a continuum. At one end of the continuum is the small-scale grassroots approach found in most voluntary agencies and the Peace Corps. Their successful activities can be followed up and expanded by bilateral donor agencies. AID, for example, has a comparative advantage in experimenting on a relatively larger scale with pilot and demonstration schemes and in offering supporting technical assistance. At the other end of the continuum are the very large-scale investment projects typical of the multilateral banks.

In the Philippines and Indonesia, I've just seen for myself how this division of labor is already being implemented. In Indonesia, AID contractors are training provincial and district-level planners to respond on a meaningful decentralized basis to village-level needs, while also ensuring the active involvement of villagers in determining those needs and implementing beneficial local development activities. Although an AID contractor is making that connection to the villages in Indonesia, it is clearly a role that other intermediaries, such as voluntary agencies, could also fulfill, as they do in fact in other settings. The World Bank is coming into some of these areas in support of a broader replication of the same development projects.

Thus, one can look to voluntary agencies for a certain amount of experimentation on the one hand and for a certain amount of expansion and replication on the other hand. I think a lot of development lessons have been learned from agencies like the Peace Corps. My question is "Can we learn more and can we do so in a more systematic way by building the lessons of those voluntary groups into AID-funded projects?"

Another observation concerns the whole issue of off-farm employment for income-generation. This is emerging as an increasingly important area, particularly in countries that are running out of land and where the population is outstripping the land's support capacity, even with intensive production methods. I have been told that it's fairly difficult to identify AID projects in rural industries. If this is true, rural industries may be an area where voluntary agencies working with private businesses should be encouraged. One would need to be sure there were carefully negotiated arrangements and a clear understanding that it would be an

equity-oriented and employment-oriented approach to be followed. Althought recent White House studies on international health and hunger have concluded that private business in the United States should play a greater role in overseas development activities, the area remains largely unexplored.

Finally, we might ask whether there are small countries where U.S. donor needs could be met by working only through intermediaries. In some countries it might not be necessary, or even desirable, to have a full-scale AID mission. In such cases, voluntary agencies could perhaps supply the essential outside technical needs.

I believe we have learned from experience that rural development is too complex and too costly to be amenable solely to bilateral or even multilateral aid solutions. It presents bigger problems than governments can solve alone. It seems to me that the questions we should ask as we propose recommendations for future development strategies are "How can we encourage further private-sector initiatives?" and "What pitfalls do we need to watch for?"

My intention here has been simply to open the issue and lay a foundation for further discussion. We are "feeling our way" together, and I would like to hear your comments and suggestions.

Excerpts from Discussion Following Presentation

QUESTION:

I have several questions concerning the use of intermediaries. When AID begins to work with or fund a PVO, doesn't it cease, by definition, to be a PVO? People-to-people sounds great, but that often means going around advocating or protesting. How long will it be before governments reject the idea of not being in direct control of aid that's going into their countries? There are many kinds of PVOs; Peace Corps is one. How are these intermediary groups going to be screened? Who will determine those that are appropriate and those that are inappropriate? According to what criteria will this determination be made? And, given the fact that many of them are religious in nature, how will First Amendment questions be handled? If we believe in the New Directions mandate, can't we help the mandate by relying more upon AID as an organization? By going outside AID, it seems to me that we will make AID more vulnerable to its critics in terms of the mandate. I'm also concerned about communication. Within my own AID bureau we don't talk to each other. How are all the PVOs going to talk to each other?

COMMENT:

Obviously, one has to treat PVOs individually. The danger of co-optation is a real one, and it's one that the voluntary agencies, if

anything, are more concerned about than AID. A lot of them argue, on the other hand, that co-optation only becomes a danger if they find themselves having to do things they don't want to do or that they think are wrong. It seems to me that the danger may be more of over-dependency on government funds than of co-optation. This is one of the reasons we put a great deal of emphasis on the matching grant idea rather than the earlier kinds of voluntary agency grants. The idea is that by AID matching the grants of PVOs from private sources, roughly on a 50:50 basis, this prevents them from becoming over-dependent. Some voluntary agencies, of course, are already very dependent on AID. They're the first to recognize it. Presumably, there are some cases where AID is justified in supporting them because they do such good work.

I don't think that arousing host country government concerns is a problem. I don't know of any cases where a country cannot easily say no to any foreign assistance personnel. If nothing else, there is visa control. Furthermore, in many countries outside agencies have to get government approval to work. It seems to me that it's a host country government's responsibility to ensure that kind of discipline.

The question of how to screen voluntary agencies is important. There is a procedure for doing that. AID, as you probably know, has a registration process that's recently been strengthened, and hopefully we do not have any poor quality voluntary agencies that have escaped through this screen.

In regard to the danger of exposing ourselves to attackers of the basic human needs approach, it was Congress that mandated that approach and simultaneously mandated AID to work with private voluntary agencies. In very specific language, they demanded this. So, I don't see this as a danger. In fact, I see our thrust as being very much in keeping with the Congressional mandate.

Communication among PVOs is a problem. Since we have the same problem inside AID, I'm not sure that we're well placed to give advice to others on how to handle it. Various forums for communicating exist. There is an advisory committee on voluntary foreign aid that advises AID. There's also an advisory council, an American Council of Voluntary Agencies, and various consortiums. But, this is always going to be a matter of concern.

QUESTION:

I'd like to relate my remarks not only to PVOs but to private firms, such as professional engineering firms or architects and engineers (A&Es) firms. I feel that PVOs, professional engineering firms, and professional accounting firms have some jobs that they can do a lot better than AID can, and I think there are some jobs that AID does better

than they do. A lot depends on their quality. What I'm worried about is the possibility of pushing those things in which AID has a comparative advantage onto either the private sector or PVOs. I've probably worked with ten different contractors in eight years with AID overseas, and 50 percent of them have either cheated, done unsatisfactory or poor quality work, or caused other problems because of their inexperience overseas. Sometimes it's more expensive, particularly if it's in an area where AID has the comparative advantage to give a project to a contractor rather that doing it themselves. I'm very worried about cost-effectiveness. If it's a job that requires the design of a big dam or even a lot of small irrigation projects, the A&Es may be the logical way to go. You wouldn't want to have AID design engineers doing this kind of work. But in certain other areas, the overall cost to the U.S. government increases when intermediaries are used. We can't ignore the fact that the average A&E has a field overhead of 90 to 100 percent, a home overhead of 125 to 130 percent, and a 35 percent profit on top of that.

In this same vein, we have a PVO coming to my country with an overhead rate of 144 percent. I think the contract management people may get him down to 125 percent, but I wonder whether this really is a PVO and whether they can do the kind of job we want. I think I'm in full agreement with the idea that if a PVO or a private firm has a comparative advantage in a situation, it should do the job. However, if we start trying to find more things to give to them, and then begin to be less cost-effective, then maybe we need more AID management. I'm looking for guidance as to where AID's going. It seems to me that maybe it's moving a little bit too far in the direction of reliance on intermediaries.

COMMENT:

I think this is a very helpful and appropriate caveat to raise. It's certainly one that has been discussed in depth. Obviously, it's hard to deal in generalities because it's always going to come to the specifics of what the tradeoff is in the individual case. One of the virtues of the contracting route, as opposed to doing things through direct hire--assuming you have enough direct hire people to do a quality job--is the flexibility issue. Sometimes, it's a lot easier to move from one program to another and to be more flexible in the administration of a project or set of projects if you have flexibility in terms of the kinds of expertise that might be needed. A direct hire set of personalities or experts might not let you have that flexibility. The overhead issue is obviously something that has to be examined; and if it's too expensive to do it with an outside organization, then you don't do it. I realize this is not a very profound answer, but I'm not sure how one can deal with the question except on a case-by-case basis.

A final point is that there is a tendency in any bureaucracy to want to hold on to more authority and control than might be necessary.

Therefore, more and more contracting out with other groups may seem to be a greater threat to some of us than to others. It depends on which end of the ocean you are and on which part of the program. That does not mean that one doesn't have to ensure accountability. I think we're all clear that we have to be very careful about this, but there is a point where one has to have faith in a group that has been duly registered and has a good record and demonstrated ability.

QUESTION:

Because I do not work for AID, I would like to speak to this issue with a little more flexibility than those of you at AID might have. I'm particularly concerned with the notion that AID's direction may be to withdraw from some countries. To do that would really force the whole American system into a project-centered way of thinking about development. It would be much more of an analytical capacity, much less of thinking about the development context, including issues such as pricing policies and migration questions. Not that AID has always done the best possible job in this, but most other donors look to AID for this perspective. The World Bank, in fact, is trying to become more like AID, while it seems that AID is trying to become more like the World Bank. I think there's some real strength in AID's having in-country expertise. Where there is continual contact with the governments, there is more opportunity to look at the total situation, not simply in terms of project design or project evaluation, but in terms of the range of problems that people are facing. So, I see some real costs in withdrawing and relying on a mode of having the Peace Corps or PVOs do the entire development job.

A related comment I'd like to make responds to an appropriate observation you made--that the poverty and rural development-oriented mandate is administrative- and personnel-intensive. One of my concerns is achieving more participatory development. It is clear that this is not done by having smaller staffs and larger projects, which seems to be the present trend.

It seems to me that various pressures have created an index of efficiency based on how many millions of dollars are moved per person. There are tendancies for USAID Missions to compete with one another in terms of how much they can move per person, how lean and cost efficient their operation is, and how much impact there is per person per year. It seems to me that we are getting caught up in the idea of more for less, more impact for less money, more project volume for less overhead. I think this is very disturbing, especially given the fact that Congress has expressed its concern about having more participation and more equitable development. You cannot have it both ways; you can't ask for more participation and decentralization while at the same time you're cutting back staff. It just doesn't work; it's not feasible.

COMMENT:

I agree, and I think others would also agree with that. I don't believe AID is going to become another World Bank. I think a lot of concern in this area has stemmed from the famous Allison Herrick paper, which came out in AID a few months ago. I sense there's a feeling that this is what the new policy is going to be in its most extreme form. In fact, the policy, as stated, is far more moderate than that. The paper was only meant to suggest certain kinds of general directions. I don't really think there's anything inconsistent about a less personnel-intensive approach of working toward meeting basic human needs and also with moving larger amounts of money. On the one hand, one is talking about direct-hire people as opposed to intermediaries. You can maximize the work that you're doing with the same amount of money by working with other groups. So, I don't see that it means that AID is going to become a World Bank-type organization, and, in fact, that's exactly why we are talking about working with intermediary organizations, so that we can continue to provide the kind of personnel intensity that is needed for the kinds of programs we are now undertaking.

In terms of the concerns expressed about AID's withdrawing from countries and turning over development to other groups, I don't think that any countries have been identified for this. However, we are looking increasingly toward ways in which we can get more out of AID's limited resources and personnel by working with other groups. I would hope that we would not lose our macro-policy overview, though, incidentally, I don't necessarily assume that voluntary agencies or contract groups or the Peace Corps would never be capable of looking at macro-policy issues But in any case, I don't think we're moving in a large way, or even in a small way, to anything that polar. What we're talking about is trying to move a little more in this direction.

QUESTION:

You have mentioned a variety of organizations and programs under the umbrella term "intermediary." Therefore, an awful lot of the world development that's going on in the bush these days is going on under contracts to somebody who might fit your definition of intermediary. I wonder if you include all those strange beasts in one bag?

COMMENT:

I think we do, but because I know the so-called "PVOs" the best, I have concentrated on them.

QUESTION:

One of the things that's consistently stressed is the need for mobilization and organization to help the rural poor. You come in and

you tell us that PVOs, universities, and others haven't done that well in the past, and we can't expect them to do that well in the future.

COMMENT:

I don't think I put it quite that way, so let me clarify my point. I think that voluntary agencies deal with problems of participation better than bilateral or multilateral development programs. When I say that they should improve in this respect, I don't mean it in a relative way, but in an absolute way. More expertise is required, and I think we are just now beginning to improve.

In terms of the kinds of agencies that AID is supporting, I think most have a progressive social-change oriented thrust. There are some groups that do good work in this area that don't want to come to AID for money; that don't want to have the threat of dependence on government; that don't want to be "tarnished" by the foreign policy brush. It is an understandable enough position. I hope that, to the extent they need more funds, they will feel increasingly comfortable with the kinds of things we're doing and will want to work with us, but I think that's basically up to them.

QUESTION:

Do you have any notion as to what host governments think about this kind of change? Do they prefer to work with AID missions or are they more comfortable with other intermediary organizations?

COMMENT:

When I conducted a study on this for the Overseas Development Council, I talked to as many host governments and host country people as possible. Two of the views I heard appeared to be representative. One view from host country people, particularly government people, was a great deal of appreciation for the particular kinds of comparative advantages those voluntary agencies have--the kinds of things that we know about and have just been talking about. Another point of view expressed frustration that the large proliferation of voluntary groups take up a considerable amount of different ministers' time; these people argued for greater coordination. By and large, I think there was support for the PVOs; I didn't hear anyone steadfastly oppose them.

QUESTION:

I'm not sure about the exceptions, and that's what bothers me. I've been in AID for 12 years, and I've been working in the capital or rural development area for eight of those years. I've worked for ten contractors. Five of them either did slipshod work, cheated, tried to

take money out of the government's purse unfairly, or needed an unusual amount of help and assistance. Right now I have a contractor where the team leader has never worked for a private firm before, never been overseas, and never worked on a U.S. government contract.

COMMENT:

I think we may be talking about different groups. I was speaking of the voluntary agencies in this connection.

QUESTION:

Still, I don't think we can assume that you're usually going to get somebody who concurrently has adequate overseas experience, knows what they are doing in their particular field, and can carry out the job in an adequate manner.

COMMENT:

Presumably, the only way to find out would be to review our whole experience, but I don't think we can do that here and now.

QUESTION:

To what extent does AID's move toward PVOs and similar organizations represent simply another manifestation of Congress' frustration over AID? Secondly, to what extent do you encourage the involvement of indigenous host-country PVOs in your AID program?

COMMENT:

I'm glad that you raised the issue again because I may have brushed over it too lightly. In fact, it's an issue that's under scrutiny in an ongoing AID task force. The task force is looking at how AID will respond to the Congress on working more effectively with voluntary agencies. One of the questions is how AID can work with host country voluntary agencies. Some of the American agencies are not very happy with the idea of AID giving grants directly to local groups. Yet, I think we have to be able to do that and, in some cases, we already do. It seems clear that if one is going to have self-sustaining development, then the involvement of local volunteer groups must be encouraged. One of the best ways to do this is through U.S. groups--by sharing their experience. There's certainly no reason why AID can't give grants directly to local groups. The best ways to do this are currently being studied.

QUESTION:

To follow up on that question, I think we need more discussion on this last point because it is at the heart of the rural development process in many developing countries. What are your observations about the private development organizations in the developing countries and what opportunities--equipment or favorable government policies--have they had?

I would also like to ask some of our colleagues from the developing countries to tell us what their governments' views are on intermediary organizations. I have a feeling that they may have some very different views.

COMMENT:

I'll give a short response so that we can hear from some country representatives. I believe that one gets a "double bang for the buck" by working with American voluntary agencies and host country voluntary agencies simultaneously. For example, both Catholic Relief Services and Church World Service do their own projects in various countries and also work to create or help to create local counterpart organizations that will have an ongoing role in projects. It's beneficial because both the immediate project gets done, and new institutions are built that can assist in solving future development problems. I think that there are two trends in the work American volunteer agencies are doing now. One is to give grants to indigenous volunteer organizations. The other is to serve as quasi-consulting organizations. There's an increasing number of organizations that have grown out of a volunteer agency background and now operate as "mini" consulting firms on a non-profit basis.

QUESTION:

Having attended school in the United States, I know your society is very open. Most of the governments in the developing countries are so closed that they have tended to resist changes--even minor ones--out of fear. We've been discussing the need for establishing lines of communication, both bottom-up and top-down. I'm not sure how many of the developing countries AID has a working relationship with, but my worry is that these countries might be disadvantaged if you start working more closely with private and voluntary agencies. For some countries, the 1960's were very unhappy years. Even with all your good will, some countries misunderstood the United States and the efforts of the Peace Corps. Now I see that AID is spreading its fingers to try to promote rural development. Governments may try to stand in the way, but the rural people really want this aid. If you're going to contract this to private organizations, my only warning is that you must remember that some of the developing countries don't encourage private enterprise--either because of fear or because of their meager resources.

COMMENT:

I don't think AID would be working with or contracting with voluntary organizations if a host government did not want that to be done. I just don't know of any case where that's happened. Bilateral programs must be worked out on a government-by-government basis. Volunteer agencies, even with matching grants not specifically tied to a particular AID mission, always need permission to work in a particular country. I'm sure that there may be some countries where the government, for a variety of reasons, wouldn't want to do this. Then, I'm sure it would not be done. I must say, though, that I don't know offhand of very many governments that have flatly refused to have anything to do with voluntary agencies.

QUESTION:

That may be part of the concern. If it's AID policy to work through PVOs and the government does not have a proactive policy to use PVOs, then they will miss out on some of the available assistance. a system might prevent developing countries from realizing certain development benefits.

COMMENT:

I think these issues usually get worked out in the negotiation process. This should not be seen as an attempt to by-pass working with governments. The effort can mean more development resources for a country, not less.

QUESTION:

The mandate from Congress stressed working with PVOS, but the goal remains equitable economic development and the alleviation of poverty. Is the means for achieving development now tied by legislation?

COMMENT:

No, it's not tied, but we are encouraged to work as much as we can with PVOs. There's nothing tied; there's no line item.

QUESTION:

In that process, is there a chance for AID to say to Congress that AID has looked at what they have been told to do and thinks the Congress may be wrong?

COMMENT:

Sure, we can say anything. However, I think the prevailing opinion is that, by and large, one can work with people very well through voluntary organizations that tend to work at the "people" level.

QUESTION:

I am more concerned about what's going to happen to AID missions. Over the last ten years, I've seen a lot of changes in AID. They now work with a lot of different groups who really do get out into the rural areas. But over those same ten years I've changed my view of what an AID mission is and needs to be. It provides continuity and long-term communication with a lot of different ministries. It provides access to a whole range of services and expertise that the United States can provide. No private organization can do all that. AID has the ability to decide when either a PVO, contractor, or a university can do the job. There's real danger in going to extremes in reducing the number of missions.

COMMENT:

Again, I don't think there's any disagreement with that, but ultimately you do get to tradeoffs. I don't think that anyone would disagree that the virtue and comparative advantage of AID is just as you stated. I think the question of reductions will come down to how many people are needed to do a job. That is where the personnel limitations imposed on us will have to be worked out.

QUESTON:

What about the length of time that it takes for project approval?

COMMENT:

The AID Administrator, Doug Bennet, has been spending a lot of time trying to figure out how we can administer our programs with less red tape and fewer complicated procedures. I think that one thing that begins to emerge is the need for greater autonomy, or at least greater efficiency, to accomplish more at the field level. Now I don't know how different pieces of that will sort themselves out, but Mr. Bennet has made a strong public commitment to reducing considerably the amount of red tape and the time it takes to get projects approved and in gear. I'm sure he will be happy to hear that you support this. The other side of the issue involves the question of accountability. Obviously a way has to be found to keep projects accountable. Yet, I think everyone agrees that it can be done with less red tape.

COMMENT:

I want to react to your comments on the role of intermediaries in development programs. I think there are two reasons why it was legislated to give PVOs a greater share in the development process. One reason is that AID, using a "trickle-down" approach, has often failed to reach the poorest people. In many ways private organizations have been able to do this. Long before there was an AID, they might not have been considered development organizations, but certainly these organizations were carrying out development activities. Most of us can recall the times when any place you found a mission in Africa and Asia, you found a school, health clinic, and some form of agriculture. Those organizations have been there a long time, and because these organizations can and do work at the grassroots level, Congress thought that we could come closer to a bottom-up approach by going through private organizations. That is one of the primary reasons why they are emphasizing greater involvement by private organizations.

The other reason is that private organizations bring a tremendous amount of money from the American private sector to the development process. The amount of money that goes into foreign countries through these organizations is substantial--billions of dollars per year. I am a little surprised that in 1979, here at this Conference, many AID people refer to the problems of working with PVOs. In 1975 there was a grant to ensure that PVOs would be more fully involved in development work. For those who needed it, the grant gave them the capacity to transform. Another branch was established for organizations to be able to implement projects within countries. The control of this grant lies with AID bureaus and missions. That amount of money now reaches $40 million. Yet, many people say that AID can't work with PVOs. Frankly, I don't see what the problem is. The contract office determines reasonable overhead rates, and there is a registration process to establish capacity, overseas experience, whether this is a "bona fide" private organization, and if there might be a religious conflict.

COMMENT:

In many instances, such as during periods of internal upheaval, the PVOs have remained a link between the United States and the poor people. For example, in Nicaragua, the attitude of the President and the people toward the United States would be quite negative if it weren't for these organizations. We have to consider the important role that these organizations can play. I agree that because you are a representative of the government, you're limited in many ways. Yet, the United States is judged through the work of its PVOs. The only opportunity that the American people had to bring their message to the Nicaraguan people was through PVOs. They don't know who pays and who does not pay. They only see the results of the efforts.

CHAPTER 16

SUMMARY OF REMARKS

by

Douglas Bennet, Administrator
Agency for International Development

I'm pleased to be here. I've been told that the earlier sessions have been dynamic, and wish I could have joined you earlier. I'd like to start by commenting on some of the issues you've been discussing these past few days.

Decentralization, with respect to the developing countries, has been a major topic of this Conference. It is also a topic for AID. We are already moving toward decentralization of the program, and we will continue to move this way. The Missions and project managers are on the front lines. They know the specific requirements in a situation better than AID/W can. The proper role of AID/W is to support mission initiatives. And I intend that Washington will increasingly play this role.

A second topic you have been discussing is AID staffing and the use of intermediaries. Let me review this topic in the light of my comments on decentralization and on the role of AID/W. It is my expectation that if any staff is to get smaller, it will be the Washington staff. On the other hand, while holding steady or even increasing slightly in some countries, the field staff may decline somewhat overall.

The overall staff level will be reduced by 10 percent over the next five years. That's reality. I have conceded this level of reduction in my discussions within the Administration and with the Congress, but I have done so with the understanding that the 10 percent will be the maximum reduction we experience in that period. Now let's look at what that figure means. Our normal attrition is about 10 percent per year. Over the five years we actually need to reduce staff by only 2 percent per year. That leaves an additional 8 percent that we can use to grow. I intend to use that difference to recruit new poeple who can help us carry out the type of programs you've been talking about at this Conference.

Let me go to the question of intermediaries. Fifteen years ago I was in India with Chester Bowles. We were there trying to carry out programs that had many of the same features you are discussing with respect to rural development. We called it community development then, but like the more sophisticated rural development programs, these efforts were "people intensive." Now in those years AID was one of the few organizations in the world with experience in developing countries and in the problems of the rural areas. In the fifteen years since I was in

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India, the level of experience of organizations other than AID--of Peace Corps, the PVOs, contractors, and universities--has grown immensely. And, the record of many of these organizations in delivering the type of rural development services we are concerned with is excellent. Their experience now surpasses ours in some areas.

The idea of increasing the use of these intermediaries is not new. We are doing it; we have been doing it for a good number of years. Let's remember that, and recognize that my comments, and John Sommer's the night before last, are intended to reaffirm the wisdom of continuing in this direction.

The thing I guess I really worry about is our ability to communicate with each other. I'm trying to convey again that my administration is standing behind you--trying to move in the direction you perceive we need to go. Yet it seems that when the Administrator speaks, the specific phrase turn to concrete. That shouldn't happen. We need to be in a dialogue--and to make sure we understand each other before we move from words to actions.

I'd like to turn to some topics that are of interest and importance to me right now. They relate to our efforts to help you go about the business of rural development more effectively and efficiently.

One of the things I'm trying to do is streamline the project process. It just takes too long--we need to be responsive. On my desk I have a stack of consultant reports on how to go about this. Over the next few months, I will personally be making my way through our processes with a scissors in hand. I'm starting with project preparation--our project design and approval processes. When that's finished, I'll be moving to our Congressional Presentation process. We give them a lot of very detailed material, but I'm not sure we tell them that much that they need to know. We can do better, but there will be a need for detail. We can use the presentation to help Congress focus on what we are really trying to do--the important issues. From there I'll move to the project implementation process.

Our processes, the way we have them now, muddy the issue of responsibility. I've gone over the GAO reports, and what you see most clearly is that it's impossible to tell why things go wrong. We need processes that help us detect where problems lie.

I've talked to Senator Inouye about our program and the fact that we don't know everything we need to know about how development works. We need to try new things--to take risks. I want you to know that he agrees with us on this. He's encouraging us to be "risk-takers" in making development work. Congress is not our enemy in what we are really trying to do. On the other hand, as we move in the direction of "risk-taking" and more experimentation, we need systems that will tell us, in a more precise way, what works,

what doesn't, and why. And we need to be able to move more quickly. A few weeks ago we went through a process to see just how fast we could mount projects--and the answer is very fast. The work I'm doing now with our systems is aimed at both of these concerns--making us better able to respond quickly in the developing nations and giving us a better handle on the effectiveness of what we are trying.

That brings me to the subject of evaluation and the information we use in putting projects together. Our past evaluations haven't told us much. As some of you know, we're in the process of carrying out a series of impact evaluations. I asked for 30, and we're doing those--with completion set for October 1980. The evaluations we need are ones that will tell us concisely what happened and why. I'm looking for evaluations of about 15 pages that are well written and get to the point, and I don't want to feel encumbered by the lack of baseline data or statistical samples. I also want us to be able to use our information better. We do have some tools here--we have a computer with information from our projects and those of others. I used it, and it gave me good summaries of the type of thing we've been doing. I want to let you know that this kind of information exists, though I can't tell you exactly where it's located. (Some things you never learn!) Let me go on to other critical issues I'm detecting in our projects and from the discussion here.

We need to be clear about the fact that our projects and programs can have key effects on policies that affect rural development and the other things we do. We need to remember that projects are a waste of money when they are carried out in an environment of misguided host country policies. Some times I see in our project designs a lack of concern for the policy environment. I think it may be a lack of willingness to face these issues. I hope we'll be more courageous, and I want you to know that my office will stand behind you in tackling policy questions.

Let's take the issue of decentralization. It seems to me to be a global trend. I've been hearing today some statements to the contrary, but I really can't accept the degree of importance you are attaching to the idea of central governments trying to hold power tightly--it simply doesn't seem to me to be an accurate reflection of what's going on. Developing country governments know that management tasks in rural development are enormous, and that the central ministries cannot carry out all the work that needs to be done. Country representatives I talk with are telling me this. So this may be becoming less of a policy concern.

On the other hand, issues such as pricing policies are critical. We are not paying adequate attention to these. The countries we are dealing with do not exist in isolation. They are part of a world economy--the prices of raw materials in one place affect the prices elsewhere. The

same is true of manufacturers and other inputs. We need to pay attention to what's going on in these areas and to issues such as the migration of labor to see them as policy issues for the developing countries and for us as we plan and implement projects.

Let me stop now with the reminder that there is a lot of work to be done, and that we need the help of others like PVOs who understand this work to tackle the task of rural development. Others help us do our work; that's not saying that they do precisely what we do or that they do work better than we do it. We need to renew our vision of our role as providers of solid advice based on the experience we do have, as providers of technical help from the many different resources of our country to which we in AID have access, and as public administrators in the best sense--colleagues of those we have come to assist in the developing countries.

SUMMARY OF FINAL COMMENTS ON THE PROSPECTS FOR RURAL DEVELOPMENT IN THE 1980s

by

• Harlan Hobgood, Director
Office of Rural Development and Development Administration, AID

The Developing Countries, particularly the poorest, will be facing grievous problems in the 1980s. Given the highly unfavorable imbalance in factor costs, most will face NO-growth or even negative growth years through the first half of the decade. The inflated costs of petroleum imports, fertilizers, imported capital goods, and borrowed capital itself, will not be balanced by comparable increases in the prices of food, fibers and other raw materials, which represent the export "meat and potatoes" of the third world. Moreover, the economic pressures of the politically volatile urban areas of the LDCs will force much of the burden of this economic hardship to be borne by the rural poor. They will have to pay more for their farm inputs and will receive less, in real terms, for their products as pressures to keep urban consumption costs down are turned into indirect taxes on the rural masses of small producers through national price policies.

In this environment, our job will be doubly hard. We will likely be faced with several new authoritarian regimes, established to maintain the custodial state's control in the face of economic distress and potentially wide-spread social unrest. The temptation, abhorent as it may seem, will be to associate our U.S. surplus agricultural production with the welfare schemes of these regimes. The test will be to maintain a development program that tries, in spite of these adverse conditions, to press for policies that will be redistributive in favor of the poor and particularly the rural poor.

This conference has demonstrated that we do have some workable tools to do meaningful rural development. We can apply these tools even in a zero-growth environment. It will mean pressing for greater equity even without growth. Our leverage to get policy changes in this direction will be very small. But it will be all the more urgent for the poor majority in the LDCs that we use it on their behalf.

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APPENDIX B

DETAILED AGENDA

RURAL DEVELOPMENT CONFERENCE

The Challenge of Poverty: Rural Development in the 1980's

25-29 November, 1979

SUNDAY, NOVEMBER 25

TIME	ACTIVITY
11:00 - 2:00	Buses Depart Washington, D.C. for Skyland Lodge at 12:00 and 1:00
2:00 - 6:00	Check-In and Conference Registration
6:00 - 7:00	Opening Reception
7:00 - 8:00	Buffet Dinner
8:00 - 9:30	Opening Remarks and Keynote Address Chairman: Tony Babb Welcome: Sander Levin Keynote: Ambassador Hernan Santa Cruz

MONDAY, NOVEMBER 26

6:45 - 7:30	Breakfast
8:00 - 8:30	Introduction: Conference Overview Moderator: Harlan Hobgood
8:30 - 10:30	Plenary Panel: Alternative Perspectives on Rural Development Moderator: Tony Babb Panelist 1: Alain de Janvry Panelist 2: John Friedmann Panelist 3: Vernon Ruttan
10:30 - 11:00	Refreshments

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11:00 - 12:30 Rural Development Workshops: Substantive Issue Roundtable Discussion:

Workshop 1: Small Farmer and Rural Household Production Systems
Moderator: Carl Eicher
Rapporteur: Don Plucknett

Workshop 2: Rural Financial Markets
Moderator: David Bathrick
Rapporteur: Frank Pavich

Workshop 3: Market Access, Agricultural Pricing and Food Distribution
Moderator: Ronald Curtis
Rapporteur: John Lewis

Workshop 4: Rural Enterprises and Off-Farm Employment
Moderator: Cliff Barton
Rapporteur: Herb Kriesel

Workshop 5: Rural Public Works
Moderator: Mary B. Anderson
Rapporteur: Claude Salem

Workshop 6: Providing Social Services in Rural Areas
Moderator: John Harbeson
Rapporteur: Bernard Wilder

Workshop 7: Development of, and Access to, Natural Resources
Moderator: Joseph Beausoleil
Rapporteur: Dennis Rondinelli

12:30 - 2:00 Lunch

2:00 - 3:30 Rural Development Workshops (Continued)

3:30 - 4:00 Refreshments

4:00 - 5:00 Substantive Issue Cluster Presentations: Reports and Synthesis

Cluster A: Private-Sector Issues
Moderator: Ronald Curtis
Rapporteur: Jim Lowenthal

Cluster B: Public-Sector Issues
Moderator: Lane Holdcroft
Rapporteur: Jerry Weaver

5:00 - 6:00 Informal Gathering Resource Center

6:00 - 7:30 Buffet Dinner

7:30 - 9:30 Special Sessions: Rural Development Methodology Presentations

1. Operational Definition of Participation
Moderator: Alice Morton
Panel: Norman Uphoff
David Leonard
Don Mickelwait
Jerry Delli Priscolli

2. Methods and Strategies for Directing Benefits to the Poor
Moderator: John Harbeson
Panel: Molly Hageboeck
Peter Weisel
Twig Johnson
Tony Babb

3. Data Collection Methodologies
Moderator: Cliff Barton
Panel: Carl Liedholm
Samuel Daines
David Norman

TUESDAY, NOVEMBER 27

7:00 - 8:00 Breakfast

8:00 - 8:35 Plenary: Outline of Day's Activities
Moderator: Harlan Hobgood

8:30 - 10:30 Cluster Panel Presentations: Mobilizing and Organizing For Rural Development

Cluster A: Private-Sector Issues
Moderator: John Harbeson
Panelist 1: Harvey Blustain
Panelist 2: Donald Mickelwait
Panelist 3: David Leonard

Cluster B: Public-Sector Issues
Moderator: Kenneth Kornher
Panelist 1: Norman Uphoff
Panelist 2: Dennis Rondinelli
Panelist 3: Haven North

10:30 - 10:45 Refreshmerts

10:45 - 12:00 Rural Development Sector Workshops: Mobilization and Organization Issues

Workshop 1: Small Farmer and Rural Household Production Systems
Moderator: Ken McDermott
Rapporteur: Tom Zalla

Workshop 2: Rural Financial Markets
Moderator: David Bathrick
Rapporteur: Tom Carter

Workshop 3: Market Access, Agricultural Pricing, and Food Distribution
Moderator: Rollo Ehrich
Rapporteur: Ronald Curtis

Workshop 4: Rural Enterprises and Off-Farm Employment
Moderator: Cliff Barton
Rapporteur: Herb Kriesel

Workshop 5: Rural Public Works
Moderator: Mary B. Anderson
Rapporteur: Claude Salem

Workshop 6: Providing Social Services in Rural Areas
Moderator: John Harbeson
Rapporteur: Royal Colle

Workshop 7: Development of, and Access to, Natural Resources
Moderator: Joseph Beausoleil
Rapporteur: Harvey Blustain

12:00 - 1:00 Lunch

1:00 - 2:30 Rural Development Sector Workshops (Continued)

2:30 - 3:30 Cluster Presentations: Reports & Synthesis

Cluster A: Private-Sector Issues
Moderator: Jim Lowenthal
Rapporteur: Ronald Curtis

Cluster B: Public-Sector Issues
Moderator: Alice Morton
Rapporteur: Tom Carroll

3:30 - 6:00 Break and Informal Gatherings

Special Events: Nature Talk and Walk

6:00 - 7:30 Buffet Dinner

7:30 - 9:30 Formal Address: The Role of Intermediaries in Rural Development
Speaker: John Sommer

WEDNESDAY, NOVEMBER 28

6:45 - 7:30 Breakfast

8:00 -10:00 Plenary Presentations: Reports and Synthesis
Moderator: Harlan Hobgood
Rapporteur 1: Ronald Curtis
Rapporteur 2: Jim Lowenthal
Rapporteur 3: Jerry Weaver
Rapporteur 4: Tom Carroll

10:00 - 10:30 Refreshments

10:30 - 12:00 Roundtable Sessions: Special Issues in Rural Development

1. Forestry and Natural Loss
Moderator: Albert Printz
Panelists: Mike Benge
Gordon Temple
Dennis Rondinelli

2. Population
Moderator: Roxann Van Dusen
Panelists: Sarah Green
Laurie Zivetz
David Vickery

3. Women In Development
Moderator: Kathy Staudt

4. AID Staffing and Organizational Requirements
Moderator: Norman Uphoff

5. Discussion of Francophone Participants
Moderators: Jim Lowenthal
Tony Barclay
Alice Morton

12:00 - 1:00 Lunch

1:30 - 2:00 Rural Development Action Agenda: Plenary Overview
Moderator: Tony Babb

2:00 - 3:00 Workshop 1: Small Farmer and Rural Household Production Systems
Moderator: Ken McDermott
Rapporteur: Tom Zalla

Workshop 2: Rural Financial Markets
Moderator: David Bathrick
Rapporteur: Paul Montavon

Workshop 3: Market Access, Agricultural Pricing, and Food Distribution
Moderator: Rollo Ehrich
Rapporteur: Duncan Miller

Workshop 4: Rural Enterprises and Off-Farm Employment
Moderator: Cliff Barton
Rapporteur: Herb Kriesel

Workshop 5: Rural Public Works
Moderator: Mary B. Anderson
Rapporteur: Claude Salem

Workshop 6: Providing Social Services In Rural Areas
Moderator: John Harbeson
Rapporteur: Sister Louise Marie Benecke

Workshop 7: Development of, and Access to, Natural Resources
Moderator: Joseph Beausoleil
Rapporteur: David Wilson

3:00 - 3:30 Refreshments

3:30 - 5:00	Planning Task Groups: Rural Development Action Agenda (Continued)
5:00 - 6:00	Informal Gatherings
6:00 - 7:30	Buffet Dinner
7:30 - 9:30	Regional Project Discussions

1. Africa: North Shaba Rural Development Project (Zaire)
   Moderator: Jim Lowenthal

2. Asia: BICOL Integrated Rural Development Project (Philippines)
   Moderator: John Roberts

3. Latin America: The Introduction of Agricultural Systems (Nicaragua)
   Moderator: David Bathrick

4. Near East: Local Resources Project (Yemen)
   Moderator: William Sommers

THURSDAY, NOVEMBER 27

7:00 - 8:00	Breakfast
8:00 - 10:00	Plenary Review and Synthesis: Rural Development Action Agenda Moderator: Tony Babb
10:00 - 12:00	Concluding Session: Closing Remarks: Douglas Bennet The Future of Rural Development: Harlan Hobgood
12:00 - 1:00	Lunch
1:00 - 2:00	Check Out and Bus Departure
2:00 - 5:00	Buses arrive in Washington, D.C.

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