Integrated Rural Development in Latin America

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ABSTRACT

Integrated rural development projects, instruments intended to bring about equitable economic growth, have a number of functional components which are operationally unrelated. Agricultural production promoting activities such as the extension of credit are combined with social components (such as the provision of health services) and with infrastructure building works (such as road construction or rural electrification).

Although the concept of a multipronged approach to rural development appears sound and attractive to many, its actual application has in many instances been disappointing. In particular, concrete achievements and hence measurable benefits often fall short of planning goals. It is argued in this study that the modesty in achievements experienced, so far, is due as much to the complexity of the problem, rural underdevelopment, as it is the result of structure and inexperience of the (mostly public sector) institutions that are asked to implement the project designs.

Concluding that the concept of integrated rural development merits further, albeit cautious and selective, application, the study recommends (1) pursuing an institutionalization of project development activities in stages, as is done de facto in, e.g., Brazil and Ecuador; (2) enlisting private sector land development companies operating in frontierlands as executing agencies; and (3) supporting financially and with technical assistance the many nongovernmental agencies that operate in rural development.

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EXTRACTO

Los proyectos de desarrollo rural integrado, que son mecanismos cuyo objetivo es producir un crecimiento económico equitativo, tienen diversos componentes funcionales que no están relacionados entre sí desde el punto de vista operacional. Las actividades de promoción de la producción agrícola, como el suministro de crédito, se combinan con componentes sociales (como la prestación de servicios de salud) y con obras de construcción de infraestructura (como la construcción de caminos o la electrificación rural).

Si bien el concepto de enfoque múltiple para la solución de los problemas del desarrollo rural parece sólido y es atractivo para muchas personas, su aplicación efectiva ha sido decepcionante en muchos casos. En especial, la consecución de logros concretos y, por lo tanto, de beneficios mensurables a menudo está por debajo de las metas fijadas en la planificación. Se sostiene en este estudio que los modestos resultados logrados hasta la fecha se deben en la misma medida a la complejidad del problema, es decir, el subdesarrollo rural, y a la estructura e inexperiencia de las instituciones (en su mayoría del sector público) a las que se solicita ejecutar los diseños de los proyectos.

Se concluye en el estudio que el concepto de desarrollo rural integrado es digno de una mayor aplicación, aunque en forma cautelosa y selectiva, y se recomienda lo siguiente: 1) procurar la institucionalización de las actividades relativas a los proyectos en etapas, como se hace de hecho, por ejemplo, en el Brasil y el Ecuador; 2) lograr que participen como organismos de ejecución empresas privadas de explotación de tierras que actúan en regiones no colonizadas, y 3) apoyar, financieramente y con asistencia técnica, a los numerosos organismos no gubernamentales que realizan actividades de desarrollo rural.
Les projets de développement rural intégré, qui sont censés engendrer une croissance économique équitable, présentent un certain nombre de volets entre lesquels n'existe nul lien opérationnel. Les activités propres à encourager la production agricole, telles que la mise en place d'institutions de crédit, sont associées à des composantes à caractère social, comme les services de santé, et à des travaux d'aménagement du territoire, par exemple la construction routière ou l'électrification des zones rurales.

Si, en théorie, une approche pluridisciplinaire du développement rural paraît satisfaisante, voire séduisante, dans la pratique, son application a souvent donné des résultats décevants. Les réalisations concrètes, et donc les avantages mesurables, en particulier, restent fort en deça des objectifs fixés au départ. On avance, dans cette étude, que l'échec relatif enregistré jusqu'à présent tient autant à la complexité du problème que pose le sous-développement rural, qu'à la structure et à l'inexpérience des institutions (essentiellement du secteur public) à qui l'on a confié l'exécution des projets.

Concluant qu'il n'y a pas lieu de rejeter la notion de développement rural intégré, mais qu'il faut l'appliquer avec prudence et discernement, l'étude recommande : 1) de poursuivre l'institutionalisation par étapes des activités d'élaboration des projets, comme cela se fait de facto au Brésil et en Equateur; 2) de faire appel à des sociétés d'aménagement du territoire privées, opérant dans les régions en voie de peuplement, en tant qu'agences d'exécution; et 3) de fournir un appui financier et technique aux nombreuses organisations non gouvernementales qui mènent des activités de développement rural.
Preface

This Staff Working Paper deals with a topic that has been much discussed and on which a great many theoretical articles have been written. There is, however, a surprising paucity of empirical studies on rural development projects in general and “integrated” projects in particular. After hundreds of projects have been financed by governments around the world, most supported by foreign aid, the virtual lack of studies dealing with actual experiences and results is striking indeed.

Richard L.J. Lacroix undertook the work embodied in this Staff Working Paper at the behest of the then Regional Vice-President for Latin America and the Caribbean, Mr. Nicolas Ardito-Barletta. I supervised the work from its inception to its conclusion. During the course of the research many discussions were held with staff members of the World Bank, notably in Operations Evaluations. The staff of the Latin America and Caribbean Region provided extremely useful comments based on their field experience.

Readers should be aware that this is only a tentative and preliminary foray into a subject deserving far more comprehensive treatment. The Paper does not purport to do more than convey impressions derived from visits to a handful of integrated rural development projects in Latin America supplemented by a fairly comprehensive literature search. Yet it comes up with potentially useful practical policy recommendations. In essence, then, this is a pioneering attempt at drawing policy conclusions across countries in the area of integrated rural development projects in Latin America.

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A. INTRODUCTION

1. After World War II the emphasis of public development efforts was on capital investment projects, in line with prevailing development theories. The creation of physical capital, as engine for the "big push" (Rosenstein-Rodan), or to bring about the "take-off stage" (Rostow), was seen as the basis for economic growth and its attendant accumulation of wealth. It was further supposed that the wealth, accumulated principally at the socially and economically better off layers of society, would "trickle down" to the poor. Although earlier attempts had been made to address the poor directly, notably with the community development concept of the 50's; and although doubts about the exclusive focus on capital formation had been voiced, notably by Viner in 1953 and by Tinbergen in 1958, it was not until the early 70's that governments started to redirect their focus from the formation of physical capital to certain aspects of the promotion of human capital. The main reason for this shift in focus was the belief that "trickle down" did not occur, or at least did not occur to the extent and with the speed previously assumed. As a result, attempts to create wealth were now combined with efforts to achieve a more equitable distribution of the development effort.

2. Early projects with a poverty orientation, such as the Puebla rural development project in Mexico, were purely equity oriented, concentrating on increasing production, and hence income, among poor farmers. However, it was soon realized that equitable growth required providing social services. In practice this meant a shift away from financing hardware towards "new style" projects which, although still strong in financing capital investment, also included components to satisfy "basic needs" and to supply social services.

3. With respect to lending to agriculture, the focus upon poverty and the emphasis on the development of human as well as physical capital, led to the concept of integrated rural development projects. These projects are concentrated efforts that bring to a specific rural area a basket of goods and services including social and infrastructure components. This concept had, by 1973, been developed and tested in various parts of the world, by a number of development institutions, including the World Bank. Between 1969 and 1973[1] the Bank authorized an average of only 3 of these multi-sectoral projects yearly; constituting about 9% of all its agricultural projects, and representing less than 6% of its total lending to agriculture. During the years from 1974 to 1979 these annual averages had risen to 9 multi-sectoral projects, representing almost 12.5% of all agricultural projects and accounting for about 11% of all lending to agriculture, almost double the average percentage of the 5 year period prior to 1974[2].

4. The shift from fairly well defined and definable engineering-type projects to the far more complicated and uncertain "new style" projects, had profound consequences for the promoting and implementing institutions,
including for the World Bank. By the nature of the work done, these institutions were mainly staffed by engineers and economists; professionals whose operating methods and philosophy are dominated by fairly rigorous analysis. Now, these same people were confronted with the necessity to understand the motivations of people in alien cultures, they had to adapt implementation of project components to the wishes of recipients of the supposed benefits, they had to contend with personal and inter-institutional rivalry in the member countries they worked in, they had to understand and appreciate the risk to the beneficiaries of adopting recommendations that often looked good only on paper. With respect to the implementation of the projects, they had to contend with a large number of components, each dealing with a particular economic or social aspect of the multi-task project; components that were unrelated and whose simultaneous development created a totally new problem of inter-agency coordination. While success or failure of most engineering type projects is rather uncontroversial, success or failure of a new style project, combining economic and social development goals, can become a subjective judgement, often related to moral and political convictions. Not surprisingly, there is disagreement about whether certain projects, and indeed the whole concept of integrated rural development, should be called a success or a failure. In short, human development proved to be vastly different and often much more frustrating than building a bridge or an irrigation system. The shift in emphasis has thus led to much uncertainty and discussion in the institutions involved as well as to much soul searching and frustration among their staff. This process of adaptation to a new development philosophy is on-going and appears far from finished.

5. The following report tries to make a contribution to understanding and hence to future design of "new style", integrated, rural development efforts in Latin America, and to the adaptation of the institutions involved for the task they have set themselves. The degree of participation of beneficiaries in design and implementation of integrated rural development projects is a special line of inquiry that has been followed throughout the report. The work is based on an extensive literature survey, complemented by field research in Brazil, Colombia, Ecuador and Mexico.
6. Agricultural development generally tries to raise agricultural production and productivity and is of a technical nature. It is similar to other efforts to develop physical capital as a means for economic growth. The construction of irrigation works, land clearing, the supply of agricultural credit, the support for agricultural research and extension, etc. are all, by themselves, technical aspects of agricultural development. Rural development, though, by definition is oriented more toward benefitting primarily the poor. Hence, in a narrow interpretation, rural development is agricultural development among the poor segment of the rural population. Raising the poor (usually small) farmer's production and productivity requires not only the traditional efforts of agricultural development, but includes other specific aspects related to the nature of the clientele as, for instance, the provision of health services to increase work capacity; the provision of education, to increase comprehension and absorption of new knowledge and of extension, to increase technical skills, etc. This aspect of rural development, as a direct result of working with the poor, makes rural development synonymous with human development. Thus, the fundamental distinction between pure agricultural and rural development is the emphasis on physical capital development for the former, and human capital development for the latter. It is this distinction that is often over looked and that has created much frustration, particularly among the practitioners of agricultural development. Most institutions, including the World Bank, entrusted rural development, when that became a dominant part of prevailing policies in the early 70's, to their specialists in agricultural development. These latter were technicians, mostly agronomists, agriculturalists, and economists who were trained and experienced in "old style" agricultural development projects. For many, the new style rural development projects represented nothing more than a shift in target population, i.e. towards the poor. The concomitant fundamental change in the nature of the work done was not always perceived.

7. Early in the discussion about rural development, policy makers realized that agricultural development activity among the poorer segments of the population was probably not sufficient and argued to include other than purely production related components in rural development projects. For instance, social services and infrastructure related components were proposed on the basis of expected synergism between the different components. Further arguments to include other than production related components were based on equity considerations, i.e. more on moral than on economic grounds. Finally, some project workers, familiar with the early years of the new style projects, say that the attempt to meet "basic needs" was justified as an effort to channel the increased income of small farmers, resulting from productivity increases, into socially useful forms of expenditure. Without this paternalism, it is alleged, the extra income would be largely spent on frivolous forms of entertainment.
8. The rest of this chapter will deal briefly with: (1) clientele of rural development, i.e. the small farmer; (2) the history of efforts at rural development, and (3) the institutions involved in this particular facet of economic development.

1. The Small Farmer

9. Rural poor are regarded as a single target group for rural development efforts, as if this group constitutes a homogeneous mass of rural population, but poor rural societies are at least as diverse as the better known urban societies. There are landless laborers, seasonal workers and sharecroppers at the lower end of income distribution. There are small farmers with production insufficient, or barely sufficient, for their own subsistence. And there are small farmers with a marketable surplus which contributes to total family income. Apart from groups directly linked to the land and its production potential, there are small entrepreneurs and tradesmen either itinerant or located in rural towns. The primary target population of rural development is the small farmer, and the other groups will benefit only indirectly from most rural development projects. It is sometimes argued that "integrated" rural development project must include all rural poor, but in practice attention has generally been focussed on the existing small farmer, since to help the others would usually require sweeping social and political changes (land reform, etc.).

10. The definition of a small farmer is difficult, because of the diversity of natural endowments for agricultural production. A definition of small farmer cannot simply be related to the area of land owned or worked on. It cannot be related solely to the type of production obtained or even to the absolute level of income generated. For the practical purposes of defining a target population for rural development, the small farmer should best be defined relative to his production and social environment. The lower limit of small farmer should be the farming family who has sufficient resources to produce just enough for its own subsistence. This may include production of an occasional surplus in order to generate the cash, or to barter, for products not produced on the family farm. Defining the upper limit of "smallness" is more difficult. There is enough diversity among rural conditions to make it impossible to determine in general terms an upper limit to the definition of "small farmer", i.e. an upper limit to the type of farmer that should benefit substantially from rural development in Latin America. However, following the reasoning of Moors, et al. the "largest" small farmer can be defined relative to the "smallest" small farmer. The largest farmers still eligible to be included would be those whose production techniques do not differ principally from those used by the smallest farmer. A typical example where this condition applies is much of the highland areas under the integrated rural development programs in Colombia. In many parts of the areas under the project, farming is very intensive using multi-cropping systems on often very steep hill slopes, exclusively manually worked. This applies to small as well as to larger farms in these areas. The largest farmer included under this definition would face essentially the same risk as the smallest farmer when adopting new techniques, inputs or crops. In other
words, the willingness and ability to take chances with respect to agricultural development should be more or less the same for the entire class defined as "small". Finally, the largest "small" farmer should not cultivate significantly more land than the average farm in the area.

11. It is our experience that the definition of small farmer is more difficult on paper than his, or her, identification is in the field. There is a certain kinship, a certain class identification, among those farmers who manage to subsist fairly well. This class tends to define itself and its members. It automatically excludes the very poor, who may work as sharecroppers or as seasonal workers on the small farmer's property. On the other hand, those belonging to the small farmer's class are not considered peers by larger land holders in the same area, i.e. by those whose holdings are substantially larger than the average around them.

12. The extensive literature on small farmers offers some extreme positions on whether the small farmer acts economically rational or not. The views range from seeing small farmers as fatalistic, favoring luck over knowledge and as being subject to severe community pressures against innovation, to the view that the attitude of traditional producers towards production, and particularly changes in production can be explained satisfactorily by profitability alone. A more temperate view holds that small farmers are rational, but fear innovations because of the high risks they usually entail for a subsistence farmer. They are generally more knowledgeable than external experts about the reality of their existence. Proponents of this view often contend that the real problem lies in the nature of modern technology and in the institutions promoting it rather than with the small farmer, as the new technology makes the farmer highly vulnerable and dependent on fluctuating markets and on institutions controlled by non-farmers and not accountable in case of failure.

13. It would appear that the latter view is the most realistic. Small farmers in any specific area have usually survived there for generations and have accumulated a rather solid body of - maybe instinctive - knowledge about the possibilities, limits and risks of cultivation in the particular region. Living relatively close to the subsistence level, the risk of experiments for them is very large - it can easily spell starvation if things go wrong. This element is often overlooked when schemes are promoted which seem to involve fairly reasonable risks compared to the expected returns. One such case, in which risks were actually calculated is the Caqueza project in Colombia. This project, an early integrated rural development pilot project in Cundinamarca, initially assumed that low corn yields found in the area were due to a lack of knowledge about modern production techniques on the part of the farmer. However, after two years of on-farm experimental work, in which the farmers cooperated and in which it was shown that the new techniques could more than double their corn yields, farmers by and large still refused to adopt the new technology. Further analysis of production data showed that the recommended technology required tripling the traditional value of inputs, with nearly all of this increase in the form of cash outlays at the time of field preparation and seeding. Furthermore, project personnel calculated that the increase in
cash cost, associated with the recommended new production technology, was not offset by a commensurate return. Each dollar invested in the inputs under the new technology returned only $2.44, while each dollar of invested inputs under the old technology, i.e. for seeds, fertilizer and pesticides returned $3.75. Still, increased cash requirements and reduced returns for each dollar spent appeared to be insufficient reason for the almost total rejection of the new technology. After all, it could also be calculated that counter balancing the diminished returns to cash were increases in land returns by 155%, increases to labor by 73% and increases in returns to total investment by 13%. Furthermore, production per hectare increased by somewhat over 200% and net returns rose by 253% under the new technology. On balance then the technology offered was clearly profitable. Subsequently, a production risk calculation showed that the risk to be incurred by the farmer in terms of dollars per hectare was three times as high for the recommended new technology as it was under traditional production methodology. In spite of the substantially higher net returns of the new technology, the risk per dollar net return was still 50% higher under the new technology than it used to be. It was concluded that the farmer's perception of risk was an important, and maybe the decisive factor in his decision of whether to adopt or not to adopt the new technology.

14. Another factor that influences small farmers' attitude towards changes, such as suggested new production approaches, are group and community pressures. Small farmer communities often face distinct socio-cultural inhibitions against personal accumulation of wealth; they may be subject to income levelling mechanisms such as religious and extended family obligations. This can strengthen their determination to remain at the subsistence level of the community rather than rise above it. The previously mentioned study by Morss, et. al. suggests that such local sanctions against innovation or accumulation have been important in a number of rural development projects, as have social, including family, obligations, and strong preference for leisure. Thus, the small farmers' willingness to adopt recommendations for new production techniques depends not only on his estimates of possible risks, but also on complex, subjective considerations, resulting from the socio-cultural climate in which he lives.

15. The small farmer in most Latin American countries is particularly vulnerable with respect to marketing his excess production. Marketing cooperatives are still rare, particularly among small farmers. Examples abound, where either unscrupulous management or strong differences of opinion among members led to premature abandonment of cooperatives. As a result, most small farmers depend upon the itinerant trucker merchant ("rescatista") to sell their marketable surplus as well as to buy production inputs and household goods. It would be wrong to assume that the trucker merchant system is monopolistic, high cost and inefficient. To the contrary, it is often difficult to see how any other system could collect products for a market from widely scattered small producers with a poor or non-existent feeder road system and totally inadequate public transportation. It is often argued, particularly by those who advocate low food prices for poor urban consumers that the profit margins of intermediary traders are excessive. This is
unlikely, because in most areas there is sufficient competition within the system to prevent monopoly pricing. Nevertheless, better price information system strengthen the bargaining hand of the small farmer vis-à-vis the trucker merchant and could result in an overall decrease in profit margins of the latter.

16. There is often a paternalistic relationship between the small farmer and the trucker merchant who buys up his occasional surplus production and supplies him with his occasional requirements for inputs and household goods. This paternalistic relationship works both ways. The trucker merchant depends to a certain extent on the small farmer as a source for products to be sold. The small farmer depends upon the trucker merchant in times of distress, particularly as a source of credit. It is a relationship that is similar to that between a tenant farmer or sharecropper and the land owner, his "patron". As a matter of fact, in Brazilian rural development projects in the northeast where the project entity, a public sector institution, had acquired land from large land holders, this same institution was then expected by the small farmers to assume the old paternalistic role of the patron as part of its responsibility as a land owner.

17. Sudden changes in existing production and marketing patterns can lead to precarious situations. A number of rural development projects, notably those in Colombia, have been quite successful in increasing production of the small farmer population in their areas. However, this created over-supply and actual inability to sell the increased production in some instances. In most of these cases, public sector institutions engaged in marketing functions have been unable to find outlets for the surplus production of the small farmers of these areas.

18. The small farmers' excess production that goes to market is mostly in the form of food for direct consumption. These are precisely the food items whose prices are often controlled by governments in order to keep inflation down and in order to appease urban consumers. This puts an added and institutionalized burden on the marketing problem for the small farmer's output.

19. Finally, while agricultural production is emphasized as the main source of small farmers' income in monetary terms and in kind, the value of their agricultural production is typically only somewhat over 50% of the total income of the average poor rural family in Latin America. The remainder is derived from other activities of various members of the family, such as trade and wage labor. If an integrated rural development project results in overall increased economic activity, the smallholder family not only benefits directly through increased production of its own, but also indirectly through increased income from its non-agricultural activities.
2. A Brief History

20. Efforts at rural development are not new. An early international rural development exercise, and one that can be seen as the predecessor of current programs, was community development. Its decade of growth and prominence were the 50's, although the origin of the term can be traced to the 30's when it was used to define community participation in municipal planning in the United States. In 1948 the term community development was first used officially in relation with rural development efforts, in what latter came to be called developing countries, by the British Colonial Office. Community development as proposed then was intended to help the British Colonies in Africa to prepare for independence by improving the territories' economy and by strengthening local government. Upon British initiative a number of fairly modest national community development efforts were launched in British territories in Africa about 1950. The first large community development program was initiated in India in 1952 with support from the Ford Foundation and the United States Foreign Economic Assistance Agency. Soon thereafter the concept was accepted by a number of countries worldwide, as well as by the United Nations system. Primarily as a result of promotion and financial support by the United States, community development experienced phenomenal growth in the decade of the 50's.

21. However, the varied experiences which led to the formulation of the concept of community development were related more to social goals functions and to political objectives than they were to economic development. Hence, the prevailing ideology underlying the concept and approach of community development was biased towards social welfare and politics, with matters of economic development and growth having secondary priority. The strong support for the community development concept in the 50's by the United States was rooted in the international political situation of that era. Essentially, community development was seen by its advocates as the free world's response to totalitarianism. A central theme in the cold war era of the 50's was that the free world, and in particular its developing nations, faced a double threat from international communism with military aggression, and the possibility of internal subversion through communist inspired agrarian movements. It was then still believed that military and economic assistance would be sufficient to counter these threats. The community development concept was seen, both by the United States and the United Nations as a democratic means to bring about economic, social and political development. The long term objective of community development was to build stable, democratic nations. With this background and origin, community development was described as organization, education and social action in, for and by the community. It was designed to encourage self-help efforts to raise standards of living and to create self-reliant communities with an assured sense of social and political responsibility. The development of infrastructure and social services and even the increase in production, i.e. economic development, were seen as somewhat incidental to the basic political motive of community development. Community development thus, as far as the developing countries were concerned, was of alien origin, and was to
further objectives that, at best, were not directly related to their day to
day problems. Furthermore, it was political in an imposed way, it did not
plan for revolutionary changes in the existing political and economic order.

22. Mostly through massive support by the United States and later on a
somewhat more modest scale by the United Nations, the community development
movement saw some spectacular growth in the early 50's. By 1960 more than 60
nations in Asia, Africa and Latin America had initiated national community
development programs. India's much vaunted community development program
launched in 1952, gave the movement an added legitimacy. Actually, until
about the mid-50's the Indian program served as a prototype for national
programs in other Asian countries. Where national community development
efforts were being implemented, usually a large new bureaucracy was
established to administer the program and to coordinate its components,
executed by various technical ministries and regional offices. At the field
level, the community development activities were usually initiated by posting
a specially trained civil servant, the "multi-purpose village level worker"
into a community or village. These village level workers were generally
secondary school graduates with several months of pre-service training in a
community development institute. He, or she, was supposed to guide and assist
villagers in identifying their needs, and translating those needs into action
programs. For doing that the village level worker was supposed to have skills
in a variety of subjects ranging from village organization to technical
matters of agriculture and the supply of health services. These generalists
were supposed to be assisted by specialists from central offices.

23. There were very limited and sporadic efforts made to recognize the
 stratification of most rural communities and the resultant different
interests ranging from those of the landless laborer to those of the
commercial farmer. The village level worker often identified easiest with the
local elite and thus alienated the majority of the population. Consequently,
there was little attention given to assuring that benefits from community
development programs actually accrued to the rural poor. Realizing this, the
majority of the rural poor did not respond to the community development
approach.

24. Compounding this problem was the widespread internal conflict and
animosity within the major United States agencies that supported development
and provided technical services. Conflicts, which permeated the foreign aid
agencies were essentially ideological battles pitting generalists against
specialists, social scientists against technocrats. Finally, by the early
60's, these bureaucratic battles were won by the bureaucratically better
entrenched technical services' personnel who were less abstract, and some
would say more practical, in their perceptions of economic development. As a
corollary of this, community development agencies in developing countries
were merged into long established ministries of agriculture or internal
affairs, if not totally abolished.

25. Probably because of the nature of the victors in this bureaucratic
battle, the criticism most often heard, in retrospect, of the community
development movement is that its programs were inefficient in reaching economic goals. This criticism is voiced in spite of the fact that economic goals never had priority with the movement, since the evolution of the community development movement went from social welfare and public works to cooperatives, to organizing local government and finally to some technical support for agriculture.

26. By the early 60's a number of large community development programs were being discontinued, including the well known Indian program. It is fair to say that by 1965 the community development movement had ended. The two main reasons for the rapid decline of the movement appear to be the sharp reduction of interest in the topic in the United States, and diminishing financial support for it, and the realization of leaders in principal developing countries that community development failed to achieve stated objectives. A fundamental reason for the ineffectiveness of community development as a concept of rural development was that it did not, and was not intended to change the basic structural barriers to a general acceleration of economic growth since it did not promote growth among the lower levels of society. It also remained an alien movement in most developing countries, directed and financed by foreigners.

27. We have described the community development movement, its growth and decline in some detail because of the striking parallel between this concept and the concept of integrated rural development, which we will discuss in the following chapter. The era of community development was followed, in Latin America, by a period of institutionalized agrarian reform. Land reform, the large scale exchange of ownership of land between different social classes, has a long history in Latin America. Early attempts at land reform were the result of severe social inequities and came about after violent revolutionary action outside the institutional framework of the state and society. This was generally true of revolutionary land reform movements up to the early 60's. The land reform movements of 1917 in Mexico are probably the best known of this era of land reform.

28. By the early 60's, governments throughout Latin America felt increasing pressure to increase production and agricultural exports in order to meet food requirements of the growing urban populations on the one hand and to meet foreign exchange requirements for industrial development on the other. As a result, land reform movements were institutionalized as a means to rationalize and improve agricultural production. This new motivation for land reform was supported by secondary motivations such as the Cuban Revolution, which increased the fears of extremist agrarian movements in many countries, by a desire to stem the flow of rural poor to the cities, and by the political pressures that originated from the Punta del Este Charter of the Organization of American States in 1961. Based on the ideas of Raul Prebisch the Punta del Este conference established a development policy for agriculture based on a combination of agrarian reform and support for technological improvements. In most Latin American countries the institutionalized agrarian reform of the 60's was accompanied by the formation of a number of public sector institutions, to deal with and to
assist the newly landed farmers.

29. Redistributive land reforms in general have been most successful if they were exercised against the remnants of feudalism. They have been less successful if they were promoted against large land holdings which were either under-utilized or condemned because size limits were imposed on land ownership. The former type of land reform, directed against outdated social structures could generally find broad political support. The latter, directed against sometimes strong opposition of the landed elite has generally been less successful in redistributing land from large land holders to small and medium scale rural farmers. Land reform is often seen as a pre-condition for effective rural development since increases in production require land ownership by the rural poor which is assumed to be the only means to provide a sufficient motivation to increase agricultural production.

30. With the possible exception of some Central American countries and parts of Brazil, elimination of estates as a justification for agricultural reform has been exhausted in Latin America. Thus, agrarian reform based on transfer of land ownership that aroused little political opposition was finished by the end of the sixties. Further agrarian reform would have implied redistribution of land ownership away from increasingly strong sectors of society. This did not happen, and as a result, by the early 70's the agrarian reform movements in most Latin American countries had essentially come to a halt. From then on attention became focused on the concept of integrated rural development as a means to foster economic growth among the rural poor and a way to achieve a more equitable distribution of the fruits of economic development.

3. The Institutions

31. Public sector institutions engaged in rural development work both at the international and national levels are mostly staffed with planning and evaluation personnel who are trained primarily in economic analysis. These economic (and financial) analysts are supported by technical specialists, mostly agronomists and agricultural subsector specialists. The distinction between agricultural development and rural development is often unclear for these specialists who work on both types of projects.

32. Local implementing agencies often are staffed, at least at the decision making level, by persons with administrative and professional experience in other institutions of the public sector. Because of the nature of the work undertaken, the staff of agencies involved in rural development tends to be from ministries of agriculture, agrarian banks, or agrarian reform institutions. Many people at the decision making level in such Latin American institutions have been educated in either Europe or the United States. Functional key personnel such as those dealing with agricultural extension, technical assistance, and agricultural credit are often only accustomed to work with medium and large scale farming. Policies and operational methods of many institutions in Latin America were developed in
Europe and in the United States by similar institutions which, however, work for a different clientele. Principles and methodologies employed there were designed for the economic and social reality of the countries concerned. For instance, agricultural extension, technical assistance or credit as supplied to the highly technified and well capitalized producer of commodities in the mid-western part of the United States are vastly different from the methods that should be employed to supply the same goods and services to a smallholder in Colombia operating a multi-crop production system producing partially for his own subsistence and partially for an uncertain home market. Thus, a problem faced by the practitioners of rural development is that national institutions often have neither the personnel and the operational methods for the real task at hand, nor the inclination to adapt their methodologies to the needs of the small farmer. Local institutions often continue to promote unsuitable technologies such as mechanized mono-cropping systems with capital intensive use of inputs developed for extensive commercial agriculture, instead of trying to develop systems to enhance the efficiency of the traditional multi-cropping systems that use a minimum of purchased inputs and employ a maximum of family labor. Only recently and sporadically are public sector institutions in Latin American countries coming to realize that technical assistance and supply of credit should be specific to the demands of the small rural farmer clientele.

33. Hence, it is gradually recognized that redirection of funds for development towards the rural poor in new style projects will require changes in the evaluation and operational capacity of donor as well as national implementing organizations. These institutions must be better geared to respond to local needs while building local social and technical capacity. Unfortunately, many institutions both international and national, are under pressure not to effect these necessary changes. Most institutions have to meet short term goals and pressures for immediate results are very strong. Timing and amount of funds committed for disbursement are used as internal yardsticks to judge professional performance. Such emphasis on short term results makes it difficult to adapt evaluation and implementation procedures to local requirements, and often prevents the institution from moving beyond an ad hoc relief and welfare approach to poverty. A corollary is the bias toward project as against program funding. Projects can be clearly circumscribed, they are by nature bound to specific deadlines for implementation. They have expected start-up costs and emphasize technical facilities and equipment over the development and funding of capacities to sustain the operation and to maintain it after the project has disbursed its funds. By the nature of the institutions, and the way they operate, their professionals are not rewarded for being responsive to local conditions nor for contributing toward the development of local institutional capacities. Personal initiative of competent and dedicated staff of these organizations occasionally produces efforts in that direction, but they remain fragmented and individual and are, as yet, not institutionalized.

34. The emphasis on short term results, on meeting deadlines, on disbursement of funds, leads to a strategic approach of institution building that is equally short term and is often meant to serve mainly the direct
interests of a specific project. These interests are then equated with the interests of the main institutions supporting the project, rather than with the project and its beneficiaries proper. As a result, special project units are established, using special incentives to lure personnel away from the more permanent institutions of the public sector, undermining the latter's potential for sustained long term action. Pressures to move large amounts of money put emphasis on projects and project components that are capital intensive. The administrative overhead, in terms of professional time to be spent per dollar disbursed can thus be minimized. Effective work with the rural poor, though, would require a much higher ratio of staff to dollars disbursed and obtaining achievements takes much longer than experience with capital development projects would suggest.

35. The large international donor agencies, in line with commercial practices, emphasize the "sales function" of their professional staff. As a consequence, the largest portion of operational budgets go to project identification, preparation and appraisal; to the efforts necessary to making the loan. Resources spent on project supervision and evaluation are notoriously limited and are under constant pressure to be reduced even further. This tendency is against the expressed wish of many field personnel, who welcome the multiple and broad based experience of most staff members of large international organizations, as well as their political neutrality in the country concerned. They appreciate the continuity that international agency personnel can bring to public sector institutions that have a high turnover of personnel. But again, it is most often because of personal initiative by dedicated and competent individual staff that the consistent support is given. This type of more intensive effort is not institutionalized, and is in effect continuously threatened to be diminished, mainly for reasons of cost. Institution building results cannot be quantified and easily shown as "output".

36. There are large numbers of non-governmental agencies engaged in one or another aspect of rural development. Often, these organizations are based on personal initiative, drive and ambition of a charismatic leader who is following his, or her, own vision of human development. Sometimes these organizations are established by other agencies or institutions such as churches, unions, and even political parties. Generally, the non-governmental organizations are small and their impact is limited both geographically as well as substantively. For that reason and for reasons of questioned effectiveness, non-governmental organizations are often dismissed as inefficient agents for rural development by the larger public sector institutions. However, given the immensity of the problem of rural underdevelopment, and the relatively limited impact that the massive effort of international agencies and national public sector institutions so far have achieved, it does not appear justified to omit any possible resource in mounting efforts at integrated rural development. Many non-governmental private agencies engaged in rural development in Latin America receive international support from large donor organizations with social and developmental philosophies similar to those of the particular organizations supported. With respect to rural development, relief and welfare
organizations with religious backgrounds and politically oriented institutions left of center, mostly from European origin, are the main institutional supporters of private efforts at rural development in Latin America. The type of rural development activity in which the non-governmental organizations are engaged is more oriented toward community development and to a mediator role between the rural poor and the services of the public sector than is the case for most large scale rural development projects supported by international donors and the main national public institutions. One of the reasons for this somewhat different emphasis is the origin of many of the non-governmental agencies, in relief and welfare work, before their relatively recent reorientation towards productive efforts as a basis for rural development. Thus, although both public and non-governmental institutions see rural development as a combination of production related activity and relief, the public sector institutions, today, tend to emphasize agricultural production while this emphasis only begins to emerge among the non-governmental institutions.
C. INTEGRATED RURAL DEVELOPMENT

37. The discussion of rural development contained in this chapter is sub-divided into two parts: the first deals with the concept and major issues, the second with observing integrated rural development projects and interviewing both project personnel and clientele in Brazil, Colombia, Ecuador and Mexico. The synthesis at the end of this chapter leads to the suggestions made subsequently in the last chapter of the report.

1. The Concept

38. The concept of integrated rural development is often considered vague, particularly in academic literature, either because the philosophy is considered unclear, or because the concept is considered too confused to serve as a practical strategic tool. Field experience shows, however, that the practical application of the concept is less vague than it is often considered to be. Most practitioners use the term "integrated" as describing the fact that this type of rural development projects tries to integrate a number of otherwise unrelated components, each of them addressing one aspect of rural underdevelopment. It is generally agreed that the various components of the projects can be sub-divided into three main categories: components related to agricultural production, components related to social services, and infrastructural components. Among the first category, those directly related to agricultural production are agricultural credit, extension and technical assistance, input supply, and marketing assistance. The most frequent social components are education and health. Among infrastructure components, road construction tends to predominate, followed by the construction of potable water supply systems, irrigation works and rural electrification.

39. By definition then, integrated rural development projects are those that try to bring a basket of goods and services, consisting of production, social and infrastructure components to poor rural areas. Not only the operational implications of the concept appear to be fairly clear to its field practitioners, but the reasons for integrating a number of otherwise unrelated components appear to be agreed upon. Often, the justifications advanced for including social components are based on moral convictions, i.e. that the rural poor have an innate right to social benefits such as health and education, partly because they are supposed to be available to poor urban dwellers. For other practitioners the inclusion of social components in rural development projects is justified if these components contribute to the effectiveness of production related components, as e.g. when a healthier farmer is able to work harder and hence produce more, or when a better educated farmer is able to absorb more fully the benefits of new technology. Finally, there are those who do not see a justification for the complexity entailed in combining a number of unrelated components into one project. Mostly this view can be found among the traditional practitioners of agricultural development, i.e. among those who
do not distinguish between rural and agricultural development.

40. The most temperate view of integrated rural development, and a consensus that can be reached with most practitioners is based upon seeing components as complementary to the basic objective of a project. It is generally agreed that the basic objective of rural development projects is to bring about an increase in production and productivity of the small farmer rather than welfare. It can then further be agreed that other components be brought into integrated rural development projects only if and when needed to support the major objective. But often project design simply follows a blueprint approach. Overzealous project designers include the largest possible number of components, and their implementation is fixed with time frames and deadlines, based on scant information about realities in the project area. Typically, agricultural credit and technical assistance are found as production components; health and education as social components; and road construction as an infrastructure component. Projects designed with such a standard set of components, coupled with rigid implementation and disbursement schedules, lack the flexibility necessary to fit the complementary components to the local situation.

41. However, the less rigid and least bureaucratic of international organizations allow project design and implementation timing to be adjusted during the life of the project, based on its particular requirements. As a matter of fact, the majority of projects require such adjustments in their original design. Many projects are extended beyond the usual five year implementation period. These actions are usually taken to adapt the reality of project implementation to project design, i.e. to increase complementarity between components to reach an optimum combination of project activities.

42. Most integrated rural development projects rely on existing sectoral agencies of the public sector to implement the various project components. The ministry of agriculture will be responsible for technical assistance and extension, the ministry of health for the health component, public works for road construction, etc. Usually, there is a project directorate responsible for day to day management of the project and, particularly, for the coordination between the various sectoral agencies. Difficulties associated with these coordination activities have become the best known, and most widely commented on management problem of integrated rural development projects.

2. Issues

43. The following are the major issues identified in discussions with project personnel, with beneficiaries and with other practitioners of integrated rural development. They are either related to the projects proper or to the institutions that promote or implement the individual projects.

44. a. IRD, Does It Work? - The answer to this loaded question is a qualified yes. Integrated rural development appears to work but often not exactly as it was intended to, particularly in the early years of
implementation. It does not produce quick results. Underperformance with respect to meeting deadlines, pace of disbursement of funds, and problems with project management have led to many frustrations for those responsible for project design and supervision. Much of this frustration is related to both the institutions promoting the projects and the concept of the projects themselves.

45. The complexity and the required technical sophistication of project design effectively exclude the target population from participation in project formulation. Thus, technocratic outsiders are making decisions about problems and their solutions. The resulting project is usually in line with prevailing national policies and project objectives are couched in terms of national development and production goals, contributions to export potential and the like. The requirement of bankability leads to stereotyped project formulation, anticipating what financing institutions want to see, by personnel trained in standard evaluation procedures by the same banking institution. This procedure atrophies the effort of project evaluation as well as the generation of creative ideas and unusual solutions. On the contrary, preparation/appraisal reports tend to become rigid implementation manuals.

46. The dichotomy between project design and the reality of implementation is quite obvious in most projects. Uncertainties, absence of real knowledge about the area targeted, and the inexperience of the project personnel almost invariably lead to an initial period of a few years when tangible achievements are minimal. In those projects that ultimately can be considered successful, this initial period is used, in essence, by well motivated and dedicated project personnel as the real project preparation stage, in the sense that during this initial stage of project formulation, decisions can be made about what can and should be done in terms of project components in the particular area. This initial period is used to establish a rapport between the project personnel and the intended beneficiaries, which may lead to a certain level of beneficiary participation.

47. The fact that time tables, deadlines and implementation expectations are often unrealistic, is recognized by some of the larger donor organizations whose supervisory personnel shows flexibility and willingness to adapt the project's planning to the realities of implementation. Funds are shifted between components, deadlines for certain components are extended, the inability to implement certain components is accepted, and often, projects are extended beyond the usual five year implementation period. However, there is a gap between these lessons from the field and project evaluation and approval procedures. There is a certain inertia in institutions to adapt themselves to the operational requirements of a new concept. As a result, influential members of the institutions blame the concept of integrated rural development for many of the frustrations that actually originate in their own institution's slowness of adaptation.

48. 

b. **Beneficiary Participation** - The clientèle of an integrated rural development project participates not only in the project's benefits but
also in some decisions about and within the project. In the early stages of a project, however, there is usually little or no dialogue between project personnel and the intended beneficiaries. Project personnel, new to the area, know neither the social structure nor the politics of the society it has to deal with. The inhabitants of the area tend to regard these new arrivals in the light of their previous experience with public sector personnel, i.e. the police, the tax collector, and, in some countries, a local politician. Under such conditions meaningful beneficiary participation in project evaluation and design is difficult to establish. A second reason why extensive representative participation does not take place is related to the structure of rural society. Rural society is stratified with very poor layers such as laborers or sharecroppers, intermediate layers such as small land owners and tradesmen, and elites, such as large land owners or village notables. It is unrealistic to expect within a rural project sudden democratic decision making by a heterogeneous population which normally does not do that. Finally, universal representative beneficiary participation conflict with the motivations of the bureaucracy of some donor agencies. Committing money for disbursement is the key to their career and full participation by project beneficiaries would typically imply that the project would be implemented at the people's pace and scale, because project personnel would have to struggle with the population's learning processes. As a result, project design would have to be more conservative, project implementation schedules would have to be lengthened and discounted cost benefit analysis would come out much less favorable than if stricter controls of a project are assumed.

49. Basically, integrated rural development projects are service delivery efforts, and beneficiary participation normally is limited to decisions about how to do things and to sharing in the benefits of the project. Decisions about what to do are mostly made by project staff, who are responsible for the money spent. This separation of responsibility between the project personnel who decide essentially about what to do, and the beneficiaries who participate in how to do it is not really an unrealistic or unfair separation of responsibilities. After all, in most deprived rural areas it is quite easy to see what can be done: in essence anything that would contribute to economic and social well being of the population and to an equitable distribution of the fruits of development. Usually, a number of ideas and pet projects have been around for a long time. Thus, drawing up a list of actions that could be taken is easy. The problem is to establish priorities, given the financial constraints faced by the project. Project personnel, not directly involved with political considerations in the area can by and large be considered better placed to decide on political and economic trade-offs. But participation by the population in how to do things is important for two reasons. First, it will bring to the project the particular expertise and knowledge of the rural population with respect to general conditions and natural phenomena in the area. Second, decisions about how to implement certain project components may generate enough popular interest and a sense of participation to induce long term involvement necessary for the maintenance of works and for the continuation of progress achieved.
50. **Coordination of Project Components** - Problems with the coordination of activities of the various sectoral agencies participating in a project have plagued almost all integrated rural development projects. When discussing coordination problems, reference is mostly made to horizontal coordination, i.e. integration of usually independent services in order to secure a unity of purpose and joint action. Management problems arise because separate budgets are involved and bureaucratic power struggles arise as the various institutions mobilize their political backers to win jurisdictional and legal arguments. As Judith Tendler has pointed out these institutions act rationally from their perspective. Tendler distinguishes between strong and weak institutions in general, and with respect to rural development in particular. Strong institutions are those that generate revenue or have strong supporters lobbying for their interests, such as construction companies who support the interests of public sector institutions responsible for rural road construction. Strong institutions also can often garner a strong political constituency in the form of influential elites in the area. Weaker institutions on the other hand are those that do not have their own revenue base, strong supporters or strong constituents. Institutions supplying rural health and education are typically weaker than institutions supplying production related services, such as the ministry of agriculture or the agricultural bank. Strong agencies will want to play a central role in the project, and will often have enough political backing to obtain that role. Weaker agencies, perceiving their subordination to the stronger institutions, will be disinclined to participate in the project. They will prefer to concentrate their effort on activities that are completely within their control. This has been typically the case with the health components in integrated rural development projects.

51. Problems of vertical coordination, i.e. intra-organizational integration and problems of integration of a project with national policies are much less frequently discussed. Integrated rural development can of course be more successfully implemented the fewer the coordination problems and the stronger the national commitment to this type of development effort. Project implementation will be facilitated when national development policies articulate the necessity to coordinate efforts, including a requirement for the various institutions to collaborate in the effort. Also, projects will run more smoothly when there is an appropriate organization within ministries to support integrated rural development at the field level.

52. The history of integrated rural development in Colombia provides a good example of the importance of top level commitment to a rural development policy. The Colombian integrated rural development program started with modest pilot scale projects in the early 70's. By 1975, the results of these pilot projects had become sufficiently known and appreciated for the newly elected President Lopez Michelsen to give it his strong personal backing. At that point, the concept of integrated rural development was made part of national development policy; major international organizations, the World Bank, the Inter-American Development Bank, and AID were invited to cooperate, while the president extended substantial personal efforts to develop a
nation-wide program. Recognizing the potential problems of coordination between the various agencies that were supposed to cooperate in this national effort, Lopez Michelsen personally secured their collaboration.

53. Three factors should be kept in mind in designing and implementing integrated rural development projects. First, the more a project is perceived as being strictly local, the less opposition it will create at the national headquarters level of major institutions. This factor suggests decentralization of programs, i.e. the transfer of certain powers and functions to local authorities and the selection of projects for fairly small areas. Second, coordination of efforts between personnel of sectorally different institutions is usually better at the operational level in the field. Inevitably, personnel of such institutions working in the same geographic area will be in frequent contact with each other. Unless there are strong personal dislikes, this personnel will discuss common problems encountered in their respective work and find ways to accommodate each other. Higher echelons in the institutional bureaucracy will increasingly have other, and often conflicting interests and coordination efforts will be influenced more by unrelated issues. Third, the role of overall coordinator, and sometimes mediator, is best played by an institution which does not have a direct functional responsibility. A staff type agency, such as a national planning office or a development ministry are better equipped to perform the coordinating role than, for instance, the ministry of agriculture or a ministry of public works. A staff type agency is particularly appropriate if it has budgetary responsibilities, such as national planning offices often have. The power of the purse is a very strong motivator to enlist collaboration.

54. The attempt to solve the coordination problem by creating entirely new autonomous implementation units has not been very successful. The idea to create a new unit for project implementation was the logical consequence of the frustration of early project designers and supervisors. Their experience lead them to regard existing institutions as inefficient, technically incompetent, understaffed and philosophically conservative with respect to the ideas behind the new rural projects. Thus, they saw clear administrative advantages in establishing a brand new unit. This was particularly so if they could find like-minded local professionals to manage and staff such a unit. However, experience has shown that these new administrative units operate only as long as they have the financial and administrative backing from the international agency, through the project under their responsibility. Almost nowhere have these new administrative units been able to survive in the local political and bureaucratic establishment. As a result, these project units were disbanded after the project was completed, or when disbursements stopped.

55. The best place for the coordination unit is in an independent, existing, government agency at the highest possible level. Colombia has done that from the inception of its nation-wide program for integrated rural development, by placing the directorate for this development in the national planning department. Ecuador has recently established a "super" ministry
responsible for all of the country's 17 integrated rural development projects in its current five year development plan in order to have a non-sectoral agency responsible for coordination of its integrated rural development program. However, the disadvantage of this new ministry is its newness; it is not part of the bureaucratic establishment of the country, and does not have any particular clout, other than that resulting from the channeling of finances for the various projects.

56. Impact and Clientèle - Integrated rural development is targeted on a clientele called "rural poor", which is very ill-defined. The lack of definition of "rural poor" has been exacerbated by the need to focus projects on farmers who have a production potential, because integrated rural development is supposed to be development, and not welfare. Thus, many analysts failed to recognize the complexity of the structure of rural society, the target clientele. Subsequently, and as a corollary, they often fail to recognize that only a fraction of the population has production potential, in the sense desired for integrated rural development projects. The twin results of a vague definition of the client have been a very limited impact of integrated rural development projects, as compared with the efforts extended, and a bias with respect to benefits extended, i.e. towards farmers with highest production potential. By definition, the latter tend to be those who were somewhat better off from the beginning. For instance, national Brazilian statistics indicate that the country's entire POLONORDESTE program, the major development program in the Northeastern part of Brazil, has reached not more than approximately 100,000 poor rural families directly in more than 10 years. The same source estimates that the area covered by the POLONORDESTE program contains approximately three million rural poor families. Consequently, the direct program reached approximately 3% of the rural poor. Even if one assumes that there is a multiple of indirect beneficiaries, total coverage is modest.

57. Focusing exclusively on those who have a production potential excludes landless laborers, and in effect, most sharecroppers. Although the latter are often included as potential beneficiaries of agricultural credit under integrated rural development projects, societal and institutional constraints may prevent their participation. For instance, under the Colombian Integrated Rural Development Program, sharecroppers are specifically included as potential beneficiaries of agricultural credit. However, the program's administrator, the agricultural bank, requires a land lease document as proof of a sharecropper's production intentions. In the period of agrarian reform, in the 60's, such land lease documents were often used by sharecroppers to claim title to the land worked on. As a result, written proof of sharecropping contracts to-day is extremely difficult to obtain from a Colombian land owner. Consequently, most sharecroppers are excluded from agricultural credit, one of the main benefits under the integrated rural development project. Since other benefits such as home improvement loans and loans to extend rural electrification to a property, are tied to production credit, sharecroppers under the Colombian program are effectively excluded from the direct benefits of the entire program. In Mexico, more than 60% of agricultural labor is landless; in Colombia about
40% of agricultural labor is landless. These portions of the rural poor remain excluded from the direct benefits of integrated rural development projects, since they have no production potential, although they benefit indirectly from such components as health, education, construction of rural roads, and from secondary effects such as an increased demand for labor, coupled with higher wages. Also, a sharecropper who works under an agreement to obtain 50% of production, will see his share increase in line with total production increases brought about by the project. As a matter of fact, the indirect benefits of integrated rural development projects for those at the lower levels of the rural society provide a strong argument to include social and infrastructural components in rural development projects. It is precisely these components that benefit the poorest of that society.

58. e. Size of Project Area - Many integrated rural development projects are large, covering vast, varied, and heterogeneous areas. Population, both in type and density, as well as agricultural and other activities can vary considerably from one area of the project to the next. Field experience suggests that it is more effective to limit a project to a general farming district that is homogeneous as far as its type of population and agricultural production potential is concerned, i.e., project boundaries should be based on ecological or economic conditions rather than on administrative divisions. In functionally or socially homogeneous areas, problems tend to be similar in the entire area, and the same number and type of components can be brought to bear in an integrated rural development effort. In fact, many nationwide projects tend to get divided into area specific sub-projects over time. The Colombian integrated rural development program distinguishes internally between, for instance, the project parts in Cundinamarca or in Antioquia. Actually, there is so little interchange between the various sub-projects under the nationwide program that they function as individual and independent projects.

59. f. Monitoring and Evaluation - Following definitions in a recent World Bank publication, monitoring is here defined as the provision and use of information to enable management to assess progress of implementation and to take timely decisions to make sure that progress is maintained according to schedule. Evaluation is defined as the process that draws on the same data, generated by the monitoring system, to help explain trends, effects and impact of the project.

60. Monitoring, evaluation and interchange of ideas between projects are generally weak in Latin American integrated rural development projects. There are surprisingly few publications relating objectively the experiences of integrated rural development. And even those publications that are available, repeatedly mention that cost figures, production data and other quantitative information are not available. This leads to the conclusion not only that monitoring and evaluation are not reported, but that there is also a lack of systematic documentation, collection of data, etc.

61. It is not surprising that evaluation and monitoring are not done systematically, since they are highly political and may affect future funding
and employment prospects of personnel engaged in these activities as well as of those being monitored and evaluated. More generally, there is no tradition in Latin American societies of objective reporting that could underpin systematic monitoring and evaluation. Evaluation is more of a public relations effort than an information gathering exercise. As a result, little is known about the objective successes and failures of projects and little agreement can be reached in this respect with regard to specific projects. What some call successes, others will call failures, both opinions based on subjective and intuitive interpretations of actual or imagined events. Human development efforts such as rural development are particularly prone to such confusions about what constitutes success or failure since many intangible benefits and costs can be counted and interpreted quite differently, following personal, subjective viewpoints.

3. Field Experiences

62. The following sections relate field experience in four countries, highlighting different approaches to defining and implementing integrated rural development projects. These observations are based on visits which focussed on discussions with both clients/beneficiaries and by interviews of institutional staff, politicians, etc. both at the local and national (capital city) level.

a. Brazil

63. Integrated rural development projects can be found in different parts of Brazil; in the northeast, in the state of Minas Gerais, in the frontier areas of the northwest and in the state of Paraná. The best known and still largest program of integrated rural development projects is located in the Northeastern part of the country, called POLONORDESTE. As of the middle of 1982, the POLONORDESTE program comprised 43 different integrated rural development projects covering a geographical area corresponding to slightly more than half of the northeastern part of Brazil and concentrating a variety of investments and services in geographic areas that are selected largely on the basis of their agricultural potential.

64. An overriding impression of the Brazilian experience is that it is not a program at all. Rather, Brazil has a large number of projects that are unrelated, without systematic communication or exchange of experience between them. There are several reasons for this fragmented development. First, the Brazilian integrated rural development projects are identified, organized, and actually implemented by the states. Although the development agency of the Northeast, SUDENE, is supposed to play a coordinating role, in effect that role is very limited. The second reason is related to the origin and method of financing. Project funds, particularly for the Northeastern projects depend on yearly central government budgets. Experience over the last 10 years has shown that such funding varies substantially from year to year, while the way in which it is made available to the operational level is rather complicated. In the Northeast, for instance, resources for production
related components are channeled through the Ministry of Agriculture, which makes them available to its Delegates in each state. The extent of cooperation by the Delegates of the Ministry of Agriculture in the integrated rural development projects in their state depends entirely upon the goodwill of the Delegate proper. Resources for social components are channeled through the Ministry of the Interior. This ministry, in turn, makes the funds available to the finance secretariat of the state in question, which then turns funds over to the particular project. The project directorate is responsible for administrating the funds for the various components under the project.

65. Administrative units established specifically for the operation and management of projects often have no legal status and their personnel is delegated to them from a variety of other institutions in the public sector. Administrative procedures are cumbersome and dedication of such personnel to work in the integrated rural development project is sometimes questionable. For instance, the funds for the payroll of one of the largest and oldest project management units, in the state of Bahia, have to be distributed to the various institutions from which its personnel originates, which use these funds to pay the salaries. As a result, there is much confusion, delays in payment and dissatisfaction among the personnel. The administrative establishment of the individual states tends to ignore the projects when they are not directly involved and funding comes from Brasilia. As a result, state funds that otherwise would have gone into areas where integrated rural development projects are operating, often go to other areas in the state. Moreover, once disbursement stops, projects tend to peter out.

66. However, there are exceptions, as in the state of Minas Gerais. That state deals directly with international organizations, such as the World Bank, and funds major parts of its integrated rural development programs from state resources. As one practitioner observed: "in the Northeast you deal with projects in poor areas in poor states, in Minas Gerais you deal with projects in poor areas in a rich state." Differences between management and administration of projects in the Northeast and in Minas Gerais are in consequence quite large and fundamental. In Minas Gerais there is a much stronger commitment among the local political and administrative establishment with respect to integrated rural development. As a matter of fact, in the 1982 elections for governors, all three candidates in the state of Minas Gerais pledged their support for the integrated rural development programs of the state. There are also differences at the operational level between the projects in Minas Gerais and in the Northeast, differences that may relate to the different administrative structures as well as to the conditions in the areas. By and large, the personnel of projects in the Northeast would like to see the projects have fewer components, in order to be less complicated to implement. In Minas Gerais, on the other hand, the higher echelons of the integrated rural development program administration would like to increase the number of components available for any one project. Personnel in Minas Gerais appears to be gravitating to a notion of a state-wide program to support a large number of small, area-specific, integrated rural development projects. The overall program should have a
maximum number of potential components available to serve the specific needs of any particular project.

67. An occasional complaint is that project areas are chosen mainly for political reasons, rather than for developmental potential, and if the developmental potential is considered, it is judged more on technical grounds, i.e. with respect to agricultural production potential, than it is on social grounds. These criticisms reflect the problems of an approach that seeks to combine economic and social objectives. A more frequent complaint comes from project personnel in a number of states: that the projects are too large, and hence too heterogeneous with respect to population, physical structure, land holding, climate, and agricultural production. They would like to see smaller projects, but have not yet arrived at the notion of a programatic approach supporting a number of smaller, area defined, sub-projects.

68. In spite of the political, administrative and budgetary problems the actual development of many projects in Brazil is impressive. A main reason is the dedication of personnel in charge of field operations. Mostly, these are young graduates from local colleges, socially conscious men and women who have found a constructive way to vent frustrations with their society and yet make a contribution to it. These young people realize at the start that they do not know very much about the task at hand or about the people they are supposed to work with. So they go out and try to learn. Generally, teams of up to 10 project workers will spend at least a month living and working among the target population, collecting sociological information and beginning to build a bridge between themselves and the rural families. The information gathered during these initial exercises is used to gain a sociological insight into the area they deal with and, particularly, to identify possible associations or groups that either have a natural cohesion or that could be formed.

69. However, what these young project workers have in enthusiasm and dedication, they often lack in practical experience. This is particularly noticeable in such components as, for instance, extension and technical assistance to agriculture. Given their natural inclination, and sometimes their educational background in the social sciences, they emphasize community development. This lead to organization and increased social awareness among the target populations and also to a certain measure of beneficiary participation. As such, this type of project personnel and the way they operate are quite appropriate and beneficial for the first phase of an integrated rural development project, i.e. the phase of learning and developing a rapport between the project personnel and the target population. However, the subsequent phases of tangible production achievements tend to be rather weak. As a matter of fact, project personnel complain about the complexity of having too many components to be integrated in these projects and, what they call "extension work" tends to relate more to social, community development than to agricultural production. Furthermore, this emphasis on the societal aspects of development leads to a neglect of other, somewhat more remote and technical aspects such as the introduction of more
appropriate technologies, construction of bio-gas plants, the use of solar
ergy, simple post harvest processing techniques to reduce spoilage, or
aspects of storage and marketing. Project personnel often appears to be
ignorant about technical aspects of rural life, particularly about those that
are not usually found in their immediate surroundings. Hence, the lack of
tangible, physical achievements in those projects may well become
increasingly frustrating, unless efforts are made to upgrade the technical
capabilities of project implementation personnel.

70. Recurring operational problems are related to the erratic
availability of agricultural credit, which reflects the financial budgetary
problems mentioned above. Availability of credit is most often cited by the
small farmer himself as the major benefit accruing from the integrated rural
development project. Thus, it is most detrimental for overall project success
that credit availability at, for instance, the Bank of Brazil's local office
is unpredictable and haphazard. A variety of reasons are usually given for
the frequent lack of funds, depending on who one talks to. Some blame local
branch managers of the banks as not being sympathetic to the project, or to
the plight of the small farmer. Others contend that central authorities have
not made funds available to the local level for onlending to small farmers,
etc. Both observations probably apply to the situation, although to a degree
varying from region to region.

71. Other problems arise fairly often from land tenure arrangements
and marketing bottlenecks. Since secure land ownership is the major
precondition for obtaining credit from commercial sources, the sometimes
vague tenure/ownership arrangements in rural areas have created problems when
ownership was not "regularized", i.e. when farmers either did not have a
written title to their land or, if they had a title it was not registered.
Therefore, several projects (Rio Grande Do Norte, Paraná) have separate "land
titling regulations" components. With regard to marketing, efforts to improve
the situation for small farmers in project areas have been ineffective,
mainly because marketing was left to public sector institutions which are not
well equipped to perform such functions, especially if they are established
in competition with, or even to replace, traditional middlemen. Bureaucratic
procedures are not easily adapted to dealing in mostly perishable goods which
have to be bought, transported and sold in a short time and at a profit.

72. Finally, there are a number of private projects that merit
attention. The largest and oldest private rural development project in Brazil
is a 60 year old project in the Northern part of the state of Paraná. It has
developed over 1.3 million hectares of virgin land, founded 6 major cities
and 57 minor ones, sold approximately 50,000 farm properties, with an average
size of about 30 hectares, ranging from 12 to 73 hectares to small farmers,
and sold over 75,000 urban residential plots. The total population of the
project's area is now several million.
Early attempts at development of the Northern areas of Paraná i.e. around 1910, were based on a model that had been successful in the northeastern part of the state of São Paulo and in parts of the state of Minas Gerais. This was based on opening large tracks of land for plantations growing coffee. The early settlers in Northern Paraná realized that they needed more financial assistance in order to be able to extend transportation infrastructure, particularly railroads, to the area, and so to relieve their relative isolation. One of their efforts to attract additional investments into the area was to contact a British technical mission visiting Brazil in the early twenties. This mission was looking for lands to establish cotton cultivation, similar to the then very successful cotton growing undertaken by the Sudan Syndicate. Expected high fertility, low land prices and the expectation of rapid appreciation in price of the land because of the construction of a railroad, led to the purchase in 1925 of more than 1 million hectares in the Northern part of the state of Paraná by British investors. The original intention, though, to grow cotton, was a complete fiasco for a variety of technical reasons. The company had to abandon efforts in that direction and decided instead to attempt colonization of the land acquired. As a first step the company bought, in 1928, the railroad company São Paulo-Paraná. Also, in preparation for subsequent land sales, the company went to great lengths to assure correct and unassailable title to the lands acquired. It went so far as to pay several times for certain tracts of land to various interests that claimed ownership. In retrospect, the firm title to the lands acquired by the company and subsequently sold to small holders has proven to be one of the cornerstones of their successful development.

The British company's development philosophy was radically different from the large plantation-style development practiced in that part of Brazil at the time. Its plans were based on concurrent urban and rural development and on linking the area with major domestic and export markets. With respect to the latter, the purchase of the railroad from São Paulo, and its gradual extension into the project area was a crucial factor. The company's basic development plan for the undulating terrain was to build roads over the crests of the hills, with the properties, like fishbones from a central spine, extending downwards along the gently sloping terrain towards the rivers in the valleys. Concurrent urban and rural development was achieved by planning major cities at roughly every 100 kilometers on the main penetration roads and minor towns at intervals of 10 to 15 kilometers. The unit size of rural properties to be sold was kept small intentionally, in order to achieve a high density rural population, able to support and use the growing transport and urban infrastructure. A green belt was conserved around cities as well as around towns, in order to settle small producers of horticultural products, chickens and eggs, to supply the city and town populations with their daily needs. The average rural plot sold was a narrow strip of land of approximately 30 hectares, extending from the road running along the crest of the terrain to the river at the bottom of the valley. At the higher elevations, close to the road, coffee was planted. This is generally the area least affected by frost. The farmer's residence, horticultural plots, and stables for small livestock were built at the lower
parts of the property, close to the river. Water was obtained either from tube wells or from the river. In the early 30's, the period of the company's major expansion, 30 hectares of land in that part of Brazil was sufficient for a small farmer family to be entirely independent. The reason was the existence of one secure cash crop, coffee. Throughout the 30's and the 40's, Brazil's federal policy with respect to coffee prices and support for coffee was crucial for the development of many colonization projects.

75. The price of the land must have been affordable to a large segment of the Brazilian and foreign migrants that moved into the area, given the briskness of sales during the initial period of major expansion. According to personnel of the still existing development company CMNP (Companhia Melhoramentos Norte do Paraná), at least 50% of the ultimate land buyers started out as rural laborers, saving to buy their plot. Currently land is resold, often for the third or the fourth time, at prices of approximately US$1,000 per hectare.

76. The company has always done everything necessary to support its one and only objective: sell land. Nevertheless, the combined actions taken by the company add up to what today might be called an integrated rural development project. The company also built and operated hotels, saw mills, brick making plants, etc. at the places of intended urban settlements. It built the complete water supply systems for most of its cities; it donated land and even building materials for churches, hospitals and government offices, but it never maintained for its own exploitation any of the auxiliary services that were established as an aid to land sales in the first place. The company never found it necessary to supply social or even production related services on its own account: health, education, agricultural extension, etc., since the public sector supplied those services from the moment they were required. For instance, Maringá, a major city in the heart of the company's area, and the current location of the company's headquarters, was incorporated as a municipality only 4 years after the first house was built, i.e. in 1947. From that moment on it was eligible for the usual state and federal support to municipalities and was also able to develop its own tax base. Its current population is well over 300,000.

77. The CMNP has been a fully Brazilian owned company since its acquisition in 1944 from the original British interests. Most of its 500 share holders are company employees. Its current executive field director, headquartered in Maringá, was hired by the company as a railroad engineer in 1932. In 1975, the company had 22 senior personnel with more than 30 years of service. Its total staff currently numbers approximately 1,500. Realizing that the company finally would run out of land to sell, it was decided, about 10 to 15 years ago, to diversify into other activities. As a result, the company now owns and operates 17 farms in Paraná and in the state of São Paulo. The company has the largest cattle herd in the state of Paraná and is an important producer of one of the states current major cash crops, soybeans. Furthermore, the company has diversified into a number of industrial ventures. Moreover, CMNP has been looking actively into the possibility of acquiring a large tract of land at today's frontier, in the
state of Matto Grosso, to continue its original activity, land development.

78. Criticisms heard today about the type of development such as the one pioneered by the CMNP, and later copied by a number of other developers, is that the properties sold by the company are really too small. Furthermore, the high level of sub-division has led to erosion, and to pollution of the rivers along which the settlements have been made. The counter argument of company personnel is that the original plan and philosophy of the development were based on economic conditions of the twenties. In particular, coffee was then the most profitable crop and the clients could afford only relatively small areas of land. In other words, the type of development was dictated by the reality of economics of the time and by the type of client catered to. However, now conditions have changed. Coffee is no longer as profitable in this area as it used to be. Through erosion and through lack of maintenance of fertility, the land has become gradually poorer. Erosion and pollution problems, as well as the gradual deterioration of soil fertility may be blamed partially on a lack of continued involvement by the company and in part upon a lack of vigorous enforcement of existing laws by the public sector. For instance, all title deeds contained a covenant that 10% of the land of each lot had to be kept in woodlands. This restriction, meant to combat erosion, was never enforced, either by the company or by public sector authorities. Pertinent farmer training and well focused extension work might have helped to maintain soil fertility by different agricultural practices and by correct application of fertilizer.

79. Current developments on these tracts of land after a generation of farming has taken place, are three-fold. First, there is a tendency to aggregate adjacent plots. Farmers sell off to their neighbors and move onto lands further inland, particularly in the Matto Grosso. With the money obtained from selling their plot in northern Parana, they can buy a substantially larger area in current frontier developments. Second, the type of products grown on the best lands are changing. Instead of coffee, one can see increasingly wheat, soybeans, some other beans, and even castor beans. The third type of development is that the poorer lands are gradually taken out of intensive farming and put into extensive livestock production. Thus, on the one hand, it would appear that the original small holder development of CMNP is gradually evolving into an area of medium to large scale properties, because it is suffering from a deterioration in quality due to erosion and pollution, and therefore shifting gradually from intensive farming to extensive cattle production. On the other hand, this development managed to open up more than a million hectares of virgin land, settled about 50,000 small holders, and was instrumental in the development of an entire urban base with various industries, without any public sector subsidy.
b. Colombia

80. Integrated rural development, both the concept and its implementation, are notably different in Colombia than in Brazil. In Colombia, integrated rural development started in 1970, with a few small pilot projects. The original emphasis was on the development of agricultural production technology that would be appropriate to increase the productivity of the traditional small-scale farmer in some parts of the country, particularly in the mountainous regions close to Bogotá and Medellín. Five years later, by the middle 70's the pilot program had grown to approximately 20 projects. By that time, the program's philosophy, and its positive results in terms of agricultural production increases had become known and appreciated, both in Colombia and abroad. National attention resulted in the adoption of the program by a newly elected President and incorporation of integrated rural development into national development policy. With the strong and personal backing of the president a national program was developed with the aid of international organizations and the program was coordinated by the National Planning Office.

81. Of fundamental importance for the development of the concept in Colombia has been the early stress, by personnel of the Colombian Agricultural Institute (ICA), of the parallel existence of commercial and subsistence sectors in the country's agriculture and of the different needs of each sector with respect to extension and technical assistance. In essence, they noted that the commercial sector needed technology only, and could be relied upon to incorporate new knowledge in its production practices. The small-scale subsistence farmer needed technology plus basic assistance, as e.g. education in principles of agronomy and animal production in order to be able to assimilate new production technology, while at the same time improving his, or her, overall operations and management. ICA was uncertain about how to do the latter, although it recognized the inadequacy of existing extension methods. In retrospect it can be said that what ICA personnel did was to improve upon existing multi-cropping systems of the small farmer, rather than trying to introduce supposedly superior technologies, based on large scale mechanized mono-cropping systems. The idea to upgrade existing production systems instead of trying to introduce radical change, is an idea that was originally developed in Mexico, and is known as the ideas upon which the Mexican Puebla project was based. The direct production related technical work was then complemented by actions that were indirectly related to production, in particular those that assist farmers to obtain credit and to market their excess production. Another decision of fundamental importance was to find these additional services for the farmers within existing institutions of the public sector, rather than to try and supply them as new and integral parts of ICA's own effort. The latter, i.e. an all encompassing service had been the strategy of Colombia's land reform agency INCORA, a strategy found to lead to much duplication and creation of ill will among sectoral agencies. Finally, ICA decided to include attention to social aspects such as improvements of diets and nutrition, health services and education as part of its rural development efforts. It remains
somewhat unclear why these social service components were included with ICA's basically production related strategy. Some of the personnel who were involved with ICA's early efforts, contend that they thought to have a social responsibility to lead increased earnings of farmers' increased production into socially acceptable channels. In this somewhat paternalistic view, health and education are considered socially acceptable channels, more frivolous forms of consumption, such as festivities and drinking, were considered not to be socially acceptable or desirable. Others give the impression that the inclusion of social components was based upon the desire for equity, i.e. the right of the rural poor to services of the public sector that were already available to the majority of urban poor.

82. In summary, ICA's original concept of integrated rural development projects was area specific, was based on increasing production and income, and aimed to induce institutional change in response to the needs expressed by farmers and their families. The resulting projects built on the existing institutional structure in their area, they did not create new institutions.

83. The rural development effort spearheaded by ICA was closely followed by Colombia's National Planning Office. This office is the technical arm of the executive and is responsible for planning and controlling public sector investments. It was this office which was given the responsibility, in the middle 70's, to formulate and manage a nationwide program for integrated rural development. The first five year program was started in July of 1976 and was budgeted at the equivalent of 273 million U.S. dollars. The program covered selected areas in 8 departments. It was sub-divided into 3 main groups of geographic areas, each one supported by a major foreign loan. Of the total program, 54% of expenditures were scheduled for production related components, i.e. for agricultural credit and for technical assistance to agriculture. The DRI program, as it was called, was a true multi-sectoral integrated rural development program with its own funds to finance all components deemed necessary. Although the National Planning Office was the central coordinator, with its own directorate for integrated rural development, the Agricultural Bank was designated as the overall administrator of the program and controller of funds. Thus, the National Planning Office could limit its role to matters of true managerial concern and could minimize its administrative burden. As a result, its directorate of integrated rural development has always been relatively small, with approximately 95 staff at the peak of its activity, in early 1981.

84. The Colombian integrated rural development program has gained considerable support among the rural population. Partly as a result of this, its political support at all government levels, in both parties, and in the legislature is substantial. Unfortunately, this support is a mixed blessing since the project and its institutions are coming under pressure from politicians trying to use them to advance other than project related interests. Also, the high visibility of the program has revived bureaucratic struggles for control. Currently, the Ministry of Agriculture is laying claim to the coordination responsibility of the combined DRI and PAN program (the food supply program to poor urban consumers).
With respect to its prime objective, the increase of agricultural production in the areas under the program, the integrated rural development program in Colombia is a success. Production increases of many crops have been large, to the extent that they created marketing problems. Participation in decision making by the beneficiary farmers and their families has been kept at a modest institutionalized level. From the outset, the government did not wish to create entities that might come under the control of one political party or another, as has happened in the past in Colombia in similar rural development efforts. Beneficiary participation is institutionalized through four levels of committees, from the village level up to the national level. Reportedly, this form of popular involvement in development aspects declines once the projects proper are finished. Community development, aiming at political education of the rural population as in Brazil, is not attempted in Colombia.

In spite of national commitment, and support from the highest levels of the executive, coordination between the various sectoral institutions involved in Colombia's integrated rural development projects remains a problem. In particular, it remains difficult to implement health and education components in these projects. Consistently, implementation goals for rural health centers and for schools have not been reached. As a result, arguments are advanced against including social, and even infrastructure components in rural development projects. However, among the advantages of the integrated approach, including social components, are cited: close financial control by a central agency, appropriate phasing of works in relation with overall development goals, and the certainty of having social components in integrated rural development projects, components that may never materialize through nationwide sectoral programs.

A serious omission in the entire DRI program in Colombia is the absence of an independent, thorough and consistent monitoring and evaluation effort. The evaluation unit established in the early years of the program, in the offices of the directorate never gained the necessary independence.

It is inevitable that national programs, such as the DRI program in Colombia, will be influenced by changes in national policy. When conceived, Colombia's integrated rural development program was poverty oriented and its emphasis was on raising living standards in rural areas, albeit primarily through raising production. Gradually, though, the emphasis of the program has shifted away from its focus on poverty, i.e. on increasing the living standards of the target population, towards a focus on food production, i.e. on increasing the marketable surplus of the target population. The practical result of the shift in emphasis is that now areas and target populations of projects are being chosen only on the basis of their production potential. Alleviation of poverty is a welcome but not necessary, secondary benefit.

In retrospect, a number of reasons can be identified for the successful growth and for the continuity of Colombia's integrated rural development program. First, the Colombian program has shown consistent growth
from a small, pilot scale operation run by a group of young and dedicated local professionals to a virtually nationwide program. Second, a firm political commitment to the program was made at a crucial point in its development, i.e. when the transition had to be made from a number of successful pilot projects to a multi-area scale program. Third, the program developed its own technology in response to the real needs of its clientèle, the small farmers. Fourth, the projects were able to work within long established communities and therefore, community development in the sense of creating associations of beneficiaries was never required in Colombia. Fifth, farming has traditionally enjoyed a high social status in Colombia. As a result, there is not only a national development policy with respect to agriculture but there is also a reservoir of well trained professionals with motivation and dedication to do agricultural and rural development related work. And lastly, once large scale international support was called for the World Bank played a constructive, yet flexible, role in further refining and implementing integrated rural development as defined in Colombia. Finally, in the operational phase of the program, the Bank and other donors gave continuity to the program, in part making up for discontinuities resulting from frequent turnover of personnel in local offices of public sector agencies.

c. Ecuador

90. The history of organized rural development in Ecuador can be traced back to the community development concept of the 50's. Of particular importance was a project in Santo Domingo de los Colorados started around 1958 by the National Institute for Colonization with support of the Inter-American Development Bank. This project supported spontaneous colonization in the area and, for the first time in Ecuador, included a number of unrelated components. The central idea was to normalize land titling for the settlers to make them eligible for agricultural credit, but the government also assigned resources for the construction of schools, health posts and other communal services. The project in Santo Domingo de los Colorados was meant to develop a specific area and as such was a concept of regional planning which supported the development of not only the small farmer but also of other inhabitants of the area, such as small entrepreneurs, tradesmen and others living in the villages.

91. Between 1975 and 1980 a number of international agencies became active in Ecuador to promote and institutionalize the idea of integrated rural development. The World Bank lent four million dollars to the National Planning Office, with which the preparatory work for the current integrated rural development project in Tungurahua, as well as some minor projects, were financed. The organization of American States, the FAO, AID, and the Inter-American Institute for Agricultural Sciences (IICA) all were active in the same period promoting similar projects. As a result, a fairly large number of projects were formulated, each one with a particular emphasis and methodology. Furthermore, a large number of public sector institutions was assigned the responsibility for implementation of one or another of these
projects. By the end of the 70’s a rather chaotic situation was developing and it seemed necessary to plan and organize integrated rural development on a national level.

92. As a result, in October of 1980, the government established a new institutional framework to promote integrated rural development within the public sector. Under this system, the National Development Council proposes, yearly, a national program to the president based on a rural development policy formulated by the same Council. The Council remains responsible for monitoring and evaluating the program but by the same decree of October, 1980, a secretariat for integrated rural development (SEDRI) was created. This executive office of the rural development program is attached to the office of the President of the Republic and is responsible for programming, preparation and coordination of implementation and channeling of funds to all rural development projects included in the National Development Plan (currently 17). Project implementation is the responsibility of executing units to be established for each project. It is expected that these executing units will get broad based support, particularly with respect to attracting personnel, from ministries as well as from other public and private specialized agencies. The rural development program is financed through an integrated rural development fund (FONADRI) in the central bank. SEDRI has to channel all funds, both local and external, through this rural development fund. Because of its independent position, and its direct access to the President, SEDRI enjoys substantial political and bureaucratic influence. In principle it should thus be able to effect adequate coordination among government agencies and should in general be able to expedite the implementation of integrated rural development projects. In reality, though, its effectiveness depends on its secretary, who has the full power to use or not to use the influence of his office.

93. According to project personnel in Ecuador, their projects suffer from the same coordination problems as similar projects elsewhere. Project execution units are mainly composed of people who are seconded by the various sectoral agencies, such as by the ministry of agriculture, the ministry of education, the ministry of health, etc. This staff remains on the payroll of their parent institutions and hence, their loyalty remains there. Furthermore, they bring with them the traditional way of operation to which they were accustomed in the other institutions. Not being attuned to working with small farmers, and not understanding rural societies, the majority of this personnel faces an initial, difficult, period of learning and adaptation. Since they are selected by their own institutions, they are often those that are considered less efficient and project units are thus saddled with a staff that has low motivation to do the work they are supposed to do, over which management has very little discipline, and which is engrained in a traditional way of work. Another major problem is lacking project preparation. Staff is often moved to the countryside where they are literally left to themselves to try to define their task and it can take more than a year to begin to understand the area they are working in and to begin to pinpoint some of the problems.
National coordination, through SEDRI, of Ecuador's rural development efforts is too recent to be commented on meaningfully. It will take some time before the dispersed and fragmented efforts of the past will have been integrated into one program and will show some unity of purpose and focus. However, what can be seen already, is a tendency to redefine the clientele of integrated rural development projects in the sense of trying to work with the poorest segments of society. Also, there appears to be an increased emphasis on trying to re-establish and reinforce the traditional rural societies, particularly those among the indigenous highland populations. Thus, there is perhaps a move away from the focus on economic results towards socio-political objectives.

Ecuador also has private, non-governmental, efforts at rural development. Among the institutions engaged in this work, the most prominent is probably the Central Ecuatoriana de Servicios Agrícolas (CESA). This organization was established in 1967 by the Roman Catholic Church of Ecuador to manage its land reform program and, particularly, to assist and organize the small farmers that were going to benefit from that program. However, the ambitious goals of the Church's agrarian reform were never realized, specifically in respect of the total Church land to be ceded to farmers. In effect, by 1972, the reform had stopped altogether. CESA was then working with 7 farmer cooperatives, 5 on the altiplano and 2 on the coast, on 7 properties that used to belong to various institutions of the Catholic Church. CESA's management decided to continue assisting small farmers and to wean itself from its identification with the Catholic Church. To-day, about 80% of all CESA's expenses and project related costs are covered by a variety of sources, mostly in the form of donations, with or without a religious denomination. Major support is extended by European aid organizations. The remaining 20% are generated by a number of auxiliary activities, such as rental from a pool of agricultural and road maintenance equipment, occasional consulting work for third parties, sale of publications, and the operation of a seed certifying and packing plant.

In 1983, CESA had 77 personnel, the majority working in the field. It had 26 projects under execution with a total estimated cost of about 5.8 million dollars. CESA still works in, and particularly around, the original 7 areas where it started its activities in relation with the agrarian reform of the Church. At any point in time, CESA's field personnel reportedly works with about 150 to 200 groups of an average of 35 families with, in turn, an average of 5 members per family. Thus, at any point CESA works actively with about 5,000 to 7,000 rural families, representing between 25,000 and 35,000 people.

CESA's aim is to teach organizations of small farmers to fend for themselves, to assert their place in society and to use and demand social services considered rightfully theirs. The process is referred to as "capacitación". Beneficiary participation is thus an integral part of anything done by CESA for or with farmer organizations. CESA tries to work with the poorest segment of Ecuador's rural population, the part its staff calls "marginados". Because of the emphasis on the rural poorest and because
of CESA's concentration on the altiplano, the institution works predominantly with the autochtone population of the highlands, Quechua Indians. This population has a tradition of communal ownership of land and of communal action, working in "mingas" as it is called in Ecuador. Thus, it was never necessary, as it is for instance in Brazil, to start with organizing the target population into some kind of association. As a matter of fact, CESA does not work with individual farmers, or farm families, but with their associations. Projects are for the benefit of the community: services such as credit are extended exclusively to groups, formed de jure or de facto. CESA's operational philosophy is obviously to revive and to reinforce the traditional community organization of Ecuador's Quechua Indians, aiming at the same time to integrate these people, through their associations, into present day Ecuadorian society. Typically, about 60% of the total income of a poor rural family in an area where CESA operates is attributable to sale of agricultural production and to an imputed value of what is used for the families' subsistence. About 40% of the family income is derived from non-agricultural sources, such as part-time wage employment by some family members, trade or services. This is fairly typical of the rural poor in Latin America.

98. CESA's field staff lives either in the area of activity or close by. Through frequent visits to the communities they slowly establish a relationship of trust. The development of a workable relationship takes at least two years and sometimes four or more, similar to the experience in other countries. Relatively small, immediate, actions are used to develop and cement the relationship. The activities most often carried out with and for the communities are: assistance with obtaining credit and later with marketing; technical assistance with production, initially in the form of demonstration and trial plots, later in the form of assistance with obtaining inputs; and the construction of irrigation and potable water systems. With respect to services offered and the infrastructure projects undertaken, it is CESA's rule that the communities should shoulder the burden to the maximum extent possible.

99. CESA promotes the renewal and the reinforcement of the age-old social structures of the Quechua highland indians, which CESA personnel apparently sees as highly egalitarian. But trying to increase the marketable surplus of the small producer, or trying to make him less of a subsistence and more of a market oriented farmer, tends to increase the differences within these traditional societies. According to CESA personnel, it is almost inevitable that those who are already doing some marketing will benefit most from production and marketing related activities in a project. Also, if land is made available for purchase under the project the most progressive farmers will use the opportunity more often than the smaller or poorer members of society. As a consequence, CESA actively tries to obtain a distribution of project benefits that is as equitable as possible and thus, limits the possibility for the most progressive members of society to benefit extraordinarily from the project. For instance, in one irrigation project, CESA's assistance is limited to financing one hectare of fruit trees per farmer. In the same area, CESA has purchased land which is called a "land
bank". CESA tries to convince groups of farmers in the area that only those among them who have the smallest areas of land should be eligible to buy land out of this land bank.

100. In line with experiences elsewhere, even an organization as CESA does not have an institutionalized monitoring and evaluation effort. One has to depend upon the memory, and upon the willingness to talk, of senior personnel who have been with the organization for a long time. There are no periodic reports about the organization's activities. Nobody seems to know how many projects were undertaken in the past, at what cost and with what benefits. There is a lot of basic information and there is a lot of paper, but no systematic analysis of the information is contained in the various documents, reports and memoranda. As usual, the information is there, in some form. However, it is not categorized and there is no systematic analysis.

d. Mexico

101. The emphasis of the Mexican field work has been somewhat different from the emphasis of the field work in the other three countries. Since Mexico has the oldest, and largest, nationwide integrated rural development program its experience has been used to corroborate our findings elsewhere. In particular, Mexico's experience with beneficiary participation provides some insights into this complex problem.

102. The PIDER program in Mexico is one of the oldest nationwide integrated rural development efforts in Latin America. It is also one of the most often cited examples of a government's attempt to coordinate the process of rural development planning and implementation at the national level. Through PIDER, and subsequently through other public sector institutions, the Mexican government has tried to put into practice many of the key theoretical concepts of integrated rural development.

103. PIDER was started in 1973 as a public investment program for promoting development in rural sectors in Mexico which had not benefitted from earlier agricultural development projects like large scale irrigation works. Although these old style agricultural and rural infrastructure projects increased production among a small group of large farmers, they did not generate enough employment, nor did they increase production sufficiently to materially improve the lot of the subsistence farmer and rural laborer. The old style projects tended to increase the disparity in wealth and income between classes of the rural society. The growing relative impoverishment of small rural producers and landless laborers loomed as a major political and economic problem for the Mexican government by the early 70's. A corollary of the continued and aggravating situation in the rural areas was the increased migration of rural poor to urban centers and to the U.S.A. in search of work.

104. PIDER developed in response to this critical situation of pervasive rural unemployment and seasonal underemployment. The Mexican government concluded that the small scale farmer could not realize his
productive potential without direct government intervention, because he did not have access to the necessary productive and social infrastructure. Furthermore, there was a growing belief among Mexican policy makers that increased production among subsistence farmers was essential for attaining self sufficiency in the production of basic foods.

105. In order to fulfil its role as an integrated rural development program, PIDER ascribes to three general objectives. First, generate and retain economic surpluses within circumscribed rural regions that have a potential for production increase, by promoting self sustained and participatory development among small rural producers. Second, channel newly generated income into productive investments. And, third, guarantee access to minimum levels of social welfare for the rural poor.

106. In order to attain these objectives, PIDER has a number of operating principles, the most important of which attaches priority to productive investments, which must total 70% of its operating budget in any one state. The remainder 30% are split between social services (20%) and infrastructure (10%). The 70-20-10% split must hold state wide but can vary within a particular community or region according to the needs of that area. The emphasis on production potential also accounts for the restrictions specifying that PIDER micro-regions, as they are called, must have overall productive potential, while target communities must be no smaller than 500 inhabitants and no larger than 5,000. A second operating principle is that all investments, i.e. those in production, social services and infrastructure related components have to be multi-sectoral. Hence, PIDER investments typically are in agriculture, small industry, in education, in health and in commerce, among others. PIDER coordinates investments through government line agencies and supervises projects financed by PIDER allocations. The program as such does not execute projects directly in the community. A third and important operational characteristic is that the program is decentralized. Much of the planning is undertaken at the local and state levels and the implementation of projects is the responsibility of 27 government line agencies. Finally, program and planning implementation in PIDER are supposedly participative processes, involving planners and technicians from the government line agencies as well as the beneficiaries in the rural communities.

107. PIDER officials, in collaboration with staff of its major international funder, The World Bank, undertook a mid-term evaluation in 1978 which identified 4 major operational problems. These were: a lack of capability for multi-year investment programming at the state level; poor preparation of individual projects; limited beneficiary participation; and poor coordination between federal and state agencies involved in the program. As a result of this evaluation, PIDER, and the Mexican government, emphasized decentralizing project planning and implementation by giving state and municipal governments a much greater role in determining how PIDER funds would be invested. Furthermore, PIDER administrators developed 4 operational programs with the objectives to improve project identification and preparation, to encourage beneficiary participation, to reinforce social
economic studies, and to conduct evaluations.

108. Over the years, beneficiary participation and organization have been repeatedly mentioned, together with two other related factors, technical assistance and credit availability, as the most prominent problems impeding success of PIDER's nation wide program. Nevertheless, PIDER has as yet been unable to systematize beneficiary involvement in project planning and implementation, despite the production of several manuals and working papers addressing to this problem.

109. Field work shows that the main problems of beneficiary participation are as follows. First, beneficiaries frequently do not contribute either labor or capital resources to infrastructural works and therefore do not develop a sense of proprietorship, nor of responsibility for the finished projects. Second, the peasants role in defining their needs and the appropriate solutions for their problems is constrained by inflexible bureaucratic procedures, by insufficient numbers of trained field personnel, and by a lack of involving peasants in making decisions about their own development. Third, fears of political repercussions and inadequate understanding of already existing social organizations in peasant communities prevent PIDER from institutionalizing their beneficiary participation. Fourth, PIDER, and more importantly, the executing line agencies do not give enough importance to training beneficiaries and extension staff in a fashion that would encourage participation. In particular, the institutions fail to recognize what extension agents and planners can learn from the peasants if training were conceived of as a two way process between the personnel of the institutions and the beneficiaries.

110. In summary, the principles guiding the quest for beneficiary participation in PIDER projects remain abstract and non-operational. Lacking concrete procedures, the line agencies and credit banks implementing PIDER investments proceed in the top-down manner to which they are accustomed. In many instances, the beneficiaries feel that development is dictated to them but not really useful for them. They take an active role in planning and executing projects only when line agencies and peasants are able to adapt to each others values and procedures.

111. The general consensus among PIDER staff in the State of Nayarit, for example, was that there are three basic problems afflicting PIDER in Mexico: administration and organization of beneficiary groups and government agencies; administration and supervision of credit for small rural producers; and the market structure that controls the distribution of rural produce. The same staff attributes many of its day to day problems with its projects to PIDER's lack of authority and influence over the line agencies charged with executing its projects. In the opinion of PIDER's staff, their institution, the many other public sector agencies dealing with rural development and any future programs dealing with the same problems should all be administered by a central coordinating committee for rural development and the present system for processing project proposals and disbursing funds should be simplified and standardized to allow the beneficiaries to participate more fully in
directing these procedures. Currently, there is too much competition among programs and line agencies for the attention of the prospective participants, whose patience and interest are tried by government officials' opulent promises that have little substance.

112. Local PIDER staff also considers that the organizational schemes sent to them by the Mexico City office of PIDER are usually inadequate solutions for their particular problems. They believe that it is impossible to develop packaged program guidelines that will be appropriate for the varied social, ecological, economic, and cultural conditions throughout Mexico. They say that their own efforts to develop local methodologies based on their own study of the reality of the local society are hampered because they have to comply with the requirements of irrelevant programs developed in Mexico City.

113. Project personnel in Nayarit gave several examples of projects that urgently need to be supported with technical supervision and training and commercial and organizational orientation for the beneficiaries, but there is no supervision of projects other than that provided by the credit banks and line agencies when they deem it necessary. The quality of supervision and training is very uneven, depending on the relative importance that different government agencies assign to these tasks.

114. Similar opinions with respect to decentralization of project authority were voiced by PIDER staff in the State of Chihuahua. They contend that many states now have qualified personnel that is capable of managing rural investment programs directly with very little help from the federal government. They regard the review of each project by PIDER officials in Mexico City as superfluous and unwieldy. In the opinion of Chihuahua's staff, the officials in Mexico City should confine their work to defining policy and to developing better relations between line agencies' officials to facilitate project implementation.

115. PIDER personnel in Chihuahua attributes the relative success of their programs to their field agents' knowledge and experience with rural conditions particular to their state. They assert that investment programs work well when the people directing and executing them have first hand, long term and fairly permanent involvement in rural areas as the majority of the Chihuahua staff which is from rural areas within the state. The PIDER extension agents in Chihuahua live in the field and even the state delegate and the director of PIDER in Chihuahua maintain face-to-face contact with the beneficiaries through frequent visits to rural communities.

116. PIDER's staff in Chihuahua believe that organization of peasant groups should receive greater emphasis in PIDER projects. With respect to the role of international organizations, PIDER staff in Chihuahua asserts that these organizations could contribute more positively to rural development if their personnel had a more intimate understanding of the complexity and diversity of rural, social and economic conditions in the various regions of Mexico. They recommend more frequent extended trips to the countryside by
personnel of international organizations, as well as a greater use of consultants and advisors in rural areas rather than in capital cities. They saw great potential benefits from working directly with field technicians and peasants to develop appropriate technical packages and viable organizational forms.

4. Synthesis of Field Experience

117. Field experience suggests a number of major issues which recur—although in varying form—in many integrated rural development projects. These will be discussed below in a summary fashion to provide the framework for some suggestions which will be made in the concluding chapter.

118. The first and most difficult problem concerns the varying priority and importance given to the three major groups of components of integrated rural development projects: productive, infrastructure and social components. The motivation for including individual components often differs widely and motives are not necessarily complementary. The productive component—and sometimes the supporting infrastructure component—is motivated by primarily material objectives, i.e. to increase production of basic foods, exportable surpluses, etc. The social component more often has an ethical background in humanitarian and equity considerations. It is generally alleged—probably with some reason—that the social components contribute considerably to reaching the objectives of the productive components, although this is difficult to prove conclusively and impossible to measure. The conflicting motives come into play when cost/benefit calculations are made. Obviously, social components increase the cost of a project but their benefits cannot be measured except through very rough estimates which quickly become fairly ethereal. Since an additional feature of these projects is their long gestation period, it is quite difficult to obtain (and demonstrate) a satisfactory rate of return on the basis of measurable benefits only, particularly if the social components are large and if benefits are discounted by a high opportunity cost for capital. Hence, there is an urge to obtain—or at least show in appraisal—early measurable benefits. This urge can translate into counterproductive haste in project implementation and often this haste comes in addition to some haste already experienced during project preparation and appraisal due to the general desire to lend more and quickly for rural development. The consequences are twofold: social components tend to get short shrift in crises situations (lack of funds, etc.) and over the life of many projects there is a noticeable drift away from the social components and toward the productive components, the latter sometimes even at the expense of the infrastructure component. One of the major suggestions in the next chapter is based on these observations.

119. Another issue raised frequently is beneficiary participation in integrated rural development projects. There seems to be a consensus that a certain degree of beneficiary participation is a precondition for success in most projects. But beyond this consensus there is no clear agreement on what
beneficiary participation includes and how far it should go. Most difficulties arise from misinterpretation of the beneficiary's, i.e. the small farmer's, position and mentality, since professional developers tend to assume that the small farmer is, of course, ready and eager to go for development. In most cases, however, this is not correct. Small farmers have usually lived for generations on the edge of subsistence and managed to survive somehow. To them "development" is a highly risky business, proposed by a government they habitually distrust, involving often drastic departures from perhaps poor, but proven techniques. Obviously, such clients need to be convinced and won over to the idea of development and new techniques. To achieve this they must be involved, both in the process of determining the methods and techniques to be employed and in the major decisions made about the future course of their lives. The first step in generating beneficiary participation is therefore to shed feelings of superiority and study the client of this type of project with the purpose of involving him already in the project preparation stage to make sure that the project includes components that he wants and understands and that techniques will be at least *grosso modo* acceptable to him.

120. The next step then involves the promotion of a fundamental change in the attitude of the client — usually referred to as "human development" — by shifting him from a defensive, subsistence/survival-oriented attitude towards an aggressive, market oriented producer attitude. Such a change is neither easy nor can it be accomplished in the relatively short periods of time that discounted cost/benefit analysis demand. Again, patience rather than haste would be indicated and, as an aside, the emphasis should not be exclusively on production but also on selling the output, i.e. marketing the surplus.

121. The points made above suggest that a rather intensive human contact between project personnel and client is needed. Consequently, the size of project area and population becomes a significant factor, as well as the personal attitudes and qualifications of project personnel. Unless one has available an army of suitable project officers, it seems essential to adapt the project area to the number of personnel rather than to finances available, as is often the case, particularly when there is a political motive for "bringing development to the rural poor of the (entire) country". With regard to the quality of project personnel, however, the problem of component choices resurfaces. Experience shows that socially motivated, dedicated personnel — which is excellent for winning the farmer's confidence and for promoting the social components — often lacks the technical know-how to be of much help in implementing the productive components. Finally, the situation also raises the cost/benefit question to a particularly difficult emotional and political level: Transforming the poor, backward subsistence farming sector — a quite large one in most countries — into an efficient, commercially oriented sector is undoubtedly a very major undertaking with very major long term benefits. But equally certain is that it requires a very intensive and quite costly effort over a prolonged period of time if it is to succeed. Arithmetic cost/benefit calculations cannot possibly reflect all the factors involved and therefore there remains a larger than usual proportion
of decision-making which must be based on qualitative evaluation, i.e. on human judgment.

122. Another problem encountered in the field is the difficulty of coordinating the various agencies which usually participate in multi-component projects. The causes for this problem range from simple administrative chaos to political rivalry and power fights between the agencies which, unfortunately, more often than not affects the regular and timely provision of finance. But there is no general pattern to these difficulties. They must be analysed and dealt with in each individual case, which may vary considerably, sometimes within the same country (compare e.g. the Northeast and Minas Gerais in Brazil).

123. Finally, a conclusion can be drawn from practical experience regarding the objectives that integrated rural development projects cannot achieve, be it for practical or political reasons. First, these projects apparently cannot take care of all the rural poor but in general only of the small farmers, although secondary effects of successful projects will certainly benefit the landless rural poor, who for instance benefit directly from the welfare effect of the social components. Second, these projects cannot solve the problem of land distribution, which is usually well beyond the relatively small scale of a successful IRD project. However, the projects can and should contribute to the solution of the many land tenure problems. Security of tenure is a precondition for obtaining credit in most countries and the uncertainties about land tenure can be tackled and resolved (titling, registration of titles, etc.).

124. There remains the question whether these projects work and are worthwhile. The answer is a qualified yes. They can be made to work if an adequate human effort is made in addition to providing finance. That means, however, that they can be made successful only at a certain cost and will rarely produce an impressive rate of return on a discounted basis. However, it should not be forgotten that part of the industrial development effort in many of these countries turns out - ex post - to have been costly and has shown good rates of return only after a large part of project cost had to be written off as "sunk investment". Perhaps one problem of integrated rural development projects is that it is impossible to base appraisals on optimistic assumptions about the results that new equipment and techniques will produce, since the real improved in this sector occurs in human capital rather than equipment.
D. THREE SUGGESTIONS

125. The principal conclusion of the field work was that IRD projects need a larger, more intensive input of project staff time to produce the desired changes in attitudes and modes of production of small farmers. At the same time it was realized that this raised difficult cost/benefit questions because of the long lead time before substantial measurable benefits are produced. This leads to three suggestions on how to circumvent this problem in (1) modifying the traditional IRD approach; (2) splitting the task between the private and public sector, and (3) using free or low cost sector help from private organizations to bring down the cost of extended intensive work with the small farmer.

1. A Participatory IRD Program Approach

126. The suggestion for a broad based, flexible, programmatic approach to rural development, embedding specific projects when and where needed and asked for, is based on the observations of actual project development in all four countries where field visits were made. The development pattern of most projects observed can almost be called organic, and appears to be related to the nature of the work undertaken. Rarely do projects and particularly their timetables follow the programming as laid down by the project designers. Often project design, and hence its attempted implementation, do not fully recognize the human development component of these projects. Rather, technical considerations prevail. Rural development is equated mechanically with production increases, better marketing, infrastructure development and the supply of social services. Essentially, it is a design to bring goods and services to people, without considering if these people need them, want them, or will be able to use them.

127. In recognition of the fact that rural development largely is human development we propose support for multi-task programs, de-centralized at the very local level, truly national in conduct and approach, working in an iterative fashion with the rural poor.

a. Arguments and Ideas

128. The design of integrated rural development projects usually still follows the design patterns of traditional engineering and infrastructure projects, which involves admitting some risks and uncertainties, but assuming that these can be dealt with in an orderly, and particularly in an expeditious manner. In essence, we assume that we have sufficient information ex-ante to plan the entire project and to predict its outcome with confidence although, if design changes prove necessary during implementation they will of course be made. And, indeed, we achieve remarkable successes with this engineering approach to technical problems.
129. However, when the project is to change and develop people we cannot a-priori assume that we have a clear cut design or even that we will overcome all problems we encounter; the uncertainties in human development are much larger, our information base is much narrower and the analytical and strategic tools we have developed so far are much less precise, than what we have available for more technical projects. Project personnel repeatedly admitted that the design of first projects, in new areas, by personnel without topical experience is done in a vacuum. In essence, they do not know how to do what they propose should be done; they do not know the area targeted, nor its inhabitants, their aspirations or their social structure. Participation of supposed beneficiaries at that stage is illusory, there is no way to communicate with them, let alone to solicit their views, assuming they can express them in a way understandable and, thus, useful to those who design the project. Thus, project design really revolves around some macro-targets that everybody can agree upon, like kilometers of roads to be built, numbers of schools to be constructed, man-months of extension to be supplied, etc. And even those overall targets are based on doubtful information about numbers of people, living and working conditions, population distributions in the area, etc., since the information generally available from such sources as, for instance, the Geological Survey Institutes or Agencies for Colonization and Agrarian Reform is at best inadequate and at worst misleading. Available information most often is related to properties, it does not tell about people living there, what they do, their aspirations, etc. These data are insufficient and inadequate for the design of a developmental process that will expand production and raise incomes; they are even more insufficient to design "people development" projects. Hence, under these conditions of fundamental uncertainty projects cannot be designed with the rigor and the time-frames customary for the design of technical and infrastructure projects. Observing the actual development of IRD projects leads to the following specific observations:

130. Dedicated and well motivated project staff realizes, at the outset, that they do not know very much about the task at hand or about the people they are supposed to work with. So they go out and try to learn. Typically, teams of up to 10 project workers will spend at least a month living and working among their target population, collecting sociological information and beginning to build a bridge between themselves and the rural families. The information gathered during these initial exercises is used to paint a true sociological picture of the area they deal with and, particularly, to identify possible associations or groups that either have a natural cohesion or that could be formed. The importance of this way of operation, is the implicit recognition that both project staff and supposed beneficiaries have to get to know each other and have to establish mutual respect. Although ultimately a certain measure of paternalism on the part of project staff is inevitable, and probably desirable, the essentially open attitude of the staff fosters a natural, relaxed participation of beneficiaries in the project.

131. Project staff with empathy towards its work and its target population will be able to bring the true beneficiary participation into a
development project, especially about how things should be done, rather than about what should be done. Given the almost universal deprivation in most areas that are selected for integrated rural development, it is usually quite obvious what can be done, i.e., anything generally labelled as improving economic and social welfare. True participation of beneficiaries is to generate realistic and popularly supported ways and means to do things, with the help of the project but within its constraints.

Human development requires patience and thus takes time, more time than is generally allocated to technical projects with roughly similar goals for physical achievements. The extra time required is needed to organize the beneficiaries into participative groups, as well as to allow for the learning process of the project staff. As indicated earlier, basic information related to social and anthropological factors in most rural areas is scant, and our operational methods for human development are vague. As a consequence, much of the extra time required in rural development projects, as compared with, for instance, construction projects is unfortunately at the front end of the project. Experience appears to indicate that this initial learning and "conscientization" phase, where few tangible achievements can be expected, may last from two to four years, mostly depending upon the level of community organization already existing in the project's area. However, the almost universal use of the discounted cash flow method to appraise the financial viability of a project introduces a strong bias against projects with low benefit streams in the early years, particularly since there is a tendency to plan for early disbursements, i.e., to incur costs early, on the part of lending institutions. Under this method, human development projects, just as reforestation projects, are just "not worth it". Limited initial benefits thus typically frustrate both the traditional project designer as well as the supervisor of project implementation, the latter by forcing him to extend timetables of most rural development projects in order to reach original goals, and the former by having to find a project design that produces early benefits, usually in the form of expected production increases, the most easily quantifiable benefit. Other more intangible benefits are then considered as "gravy".

Each project is different; its mode of operation, its components and its timetable should all be tailored to the particular circumstances of the area targeted and of its inhabitants. Integrated rural development, as a multi-component attack on poverty, is a useful concept, but too general to be the panacea for overall rural underdevelopment. If we accept that human development aims in essence at a change in basic attitudes, the creation of an awareness among the population that they have to work together toward common new goals, becomes a central part in each project and has to be based on the existing reality of the project area. It will then also be clear that many of the current, supposedly homogeneous, projects try to cover too large an area with a blueprint approach. The inherent diversity of conditions calls for a flexible approach by intelligent, dedicated and motivated project personnel with authority to structure their work as they see fit within their particular area. In this sense project staff are not mere executors of a plan but are the creators and continuing supporters of an
on-going process of change.

134. Many current projects are too large for available project staff to deal with effectively, particularly with respect to geographic areas covered. Also, very large areas tend to be so diverse socially and economically that coverage with one project, and its set of components, does not make much sense. An umbrella program covering a large number of smaller, independent, projects is a better approach. This mode of operation and managerial control is similar to the profit center concept of corporations. Each profit center has a fairly large degree of autonomy and of responsibility for its own performance, as long as general company-wide guidelines are obeyed. Similarly, each rural development project would have substantial authority to decide its own destiny, within guidelines and constraints of the overall IRD program. Of course, a large measure of local authority does imply the necessity of strict and objective ex-post control of expenditures and critical review of decisions made; i.e. periodic cost and performance audits.

135. In spite of the limited tangible achievements to be expected in the initial two to four year period of project evolvement, the staff will need during this period limited resources to take some immediate actions. This ability to get some modest achievements is particularly important for creating goodwill and an atmosphere of trust among the population with respect to the project and its personnel. Also, it makes the project real and tangible in the eyes of its beneficiaries from the start, i.e. from the time traditionally spent on project design and evaluation. Urgent problems are dealt with earlier, often years earlier, than is the case in a common IRD project and implementation cycle. The cost of the formative stage of the project is limited to the salaries and expenses of the staff plus outlays for immediate actions. Experience in Brazil, best documented for a pilot project in Natal, indicates that about 85% of the costs of the formative stage are related to staff and their expenses while the remainder is spent on immediate actions.

136. Experience with on-going IRD projects shows that preparation has usually been done hurriedly, under pressure from a particular high official or from an institution that saw an opportunity to obtain financing. A long term programmatic approach would reduce this pressure on project personnel and might lead to better, more careful and well founded projects. In particular, beneficiary participation in project design is illusory when design and appraisal personnel are under severe time pressures.

137. There is little interaction between projects even when they are operating fairly close to each other geographically. Project staff generally has little or no opportunity to learn from the experiences in other projects or to discuss their own practices and frustrations with colleagues from elsewhere. Cross fertilization between projects in a country and even between projects in different countries would be beneficial and a programmatic approach with an institution that covers a number of projects, could incorporate easily an organized substantial interchange between
projects.

b. General Approach

138. National or regional programs should be set up to support and guide the development of a number of fairly small and independent rural development projects. The field projects proper should be allowed to develop in two stages, a preparatory first stage and a major second, action oriented, stage.

139. The first stage should be dedicated to a learning experience of the project staff and to studying, understanding and organizing the communities. Project management should have modest discretionary funds available to take immediate actions in instances where this is warranted and where it will serve, for instance, to bring a community together. Funding for this first stage should be limited to the cost of the personnel and its operations, plus an immediate action fund. Project staff should be drawn, on a long term basis, from various sectoral agencies such as the Health and Agriculture Ministries, so as to insure an early integration of various types of efforts and to bring, from the start broad based expertise into the field. This expertise should be related to both production and social issues. In order to maintain the appropriate authority and discipline it is necessary to transfer all personnel to the payroll of the project. This creates a certain distance between the sectoral agencies where the personnel originates and their employment in the integrated rural development project. It should be expected that the first, formative stage of the project may last from 2 to 4 years. Also, it should be expected that some projects may not be successful, for a variety of reasons, and will therefore not proceed to the second stage of substantial physical achievements.

139. Once the project area, and its inhabitants are well understood by the project staff and the communities begin to generate their demands, a detailed plan for the construction of physical infrastructure and for the supply of technical and social services can be drawn up. This plan now can be a project document, similar in form but more reliable in substance than current project evaluation cum implementation reports. Still, in the spirit of letting these projects grow organically only overall targets should be set, even for the second phase. It should not be attempted to specify in detail where and when everything should go. The combined targets, or the sum of all the components, should be a basket of works and services available to the project staff for use during implementation. This delegation of spending authority to the field level will require formal scrutiny of expenditures in order to avoid misuse and clear misallocation of funds. A standard accounting system, independently verified periodically, should fulfill this requirement. Timing and locale of implementation of any one component should be reported in yearly or half-yearly implementation plans. In other words, implementation should be geared to the development of the communities of beneficiaries and to the extent and timing of their readiness to use the works services productively.
140. Project supervision should have two main components, evaluation and auditing. Both should be done frequently, half-yearly or at least yearly. The latter (auditing) should be an objective and independent scrutiny of the expenses incurred by the project. Evaluation should be related to conceptual issues, to judgments made, and to the overall development of the project. Hence, evaluation, to a large extent, should be seen as technical assistance to the project staff, rather than as a supervisory function. Evaluation should be done by personnel with substantial experience in similar projects who can discuss problems and experiences of particular projects in the light of their broad familiarity with this work. Project evaluation in this sense would be more time consuming and should be more analytical than current supervision work. An specialized evaluation and monitoring facility should be part of the framework organization under the overall integrated rural development program. This facility should report directly to the director of the program and should be administratively independent of any other unit under the program.

c. Required Pre-conditions

141. Since the proposed programmatic approach, with its flexibility and delegation of authority to the field level, is somewhat alien to the usual rigid operations of hierarchical and centralized sectoral agencies, it is worthwhile to list a number of pre-conditions to be fulfilled before such an approach can realistically be suggested.

142. First, there should exist a serious national or regional interest in establishing a rural development program. This interest may reside in a government agency, in a public office or in a person. The interest often is created by examples elsewhere, by readings or visits, or is induced from the outside. Important, though, is to have a strong political commitment that transcends the confines of any sectoral agency.

143. Governments and supporting agencies should be willing to relax requirements for project preparation, in exchange for assurances that dedicated multi-disciplinary project teams will be selected in an objective, professional manner. This would include an effort to balance technical expertise in project staffs with well qualified social and anthropological expertise. Terms of reference should be drawn up carefully, but only as concepts to guide the work and not as manuals to be followed blindly. Remuneration and job security should be sufficiently attractive to interest the above average young university graduate. In other words, stringent project preparation by outsiders should be substituted by careful selection of national teams which would be insiders, who will have more latitude to use their own judgment in developing and implementing the project.

144. Governments should commit themselves to make the necessary administrative arrangements guaranteeing that essential features of the approach are preserved. This includes in particular long term delegation of staff from specialized agencies to the project and granting financial independence to the individual project (including payment of delegated staff
through the project).

145. Governments should accept independent auditing of projects. This pre-condition is based on the recognition that the advocated de-centralized approach avoids some of the administrative control mechanisms inherent in centralized bureaucracies to an extent that unscrupulous manipulators could take advantage of local opportunities. Control should be imposed, but should be commensurate with the spirit of independence, trust and local authority that is embedded in the concept of a decentralized programmatic approach. Thus, control should be independent, fair and reasonable, but must include the ability and authority for quick and drastic action if deemed necessary.

146. Projects should receive a grace period with respect to tangible achievements. This relates in particular to expectations of early benefit streams needed to show a viable project based on discounted benefit flow analyses. Efforts should be made to quantify, or otherwise to take into consideration those early benefits, that we now call intangible. Among those are: community organizations, sense of belonging to a nation, some hope for the future where none existed before, increased knowledge and thus more bargaining strength and leverage in both job and product markets, etc. Another possibility would be to finance the extended preparation stage through preinvestment or project preparation facilities and begin proper project financing only with the second stage when measurable benefits can be expected after a shorter period.

d. A Suggested Sequence of Events

147. It appears best to describe a potential IRD program as a sequence of events, with the types of actions that should be taken place at each step of its development.

148. Early in the institutionalization of the interest in an IRD program it is important to assign overall responsibility for the start and development of a program to an agency that is independent from the rural sectoral institutions of the public sector. This agency must have the authority to enlist and coordinate the assistance of the various ministries and other institutions since none of the latter has a mandate over any other similarly positioned institution and hence will always lack the authority for effective coordination. The National Planning Office, coordinator of Colombia's integrated rural development program is a good example of a non-sectoral agency with the appropriate authority to lead an IRD program.

149. Experience shows that success or failure of most ventures, undertakings or institutions in Latin America depend to a large degree upon the person leading it. Charismatic and motivated leadership is behind most successes; faceless and nameless leadership by groups, e.g. through boards of directors or committees, is much rarer in Latin America than it is, for instance, in Northern Europe or the United States. Thus, we would put much
emphasis on finding and nominating the right director for an IRD program. Once the right person has been found, he or she can be relied upon to select and hire a trusted and dedicated core team. This core team would be multi-disciplinary, i.e. would include technicians such as agricultural production and extension specialists as well as sociologists and anthropologists. The total initial team would probably number less than ten.

150. - The right director, by virtue of being called the "right person" will probably not accept the job without commensurate authority. Nevertheless, it may be worthwhile to emphasize that an IRD program directorate, in order to be able to be effective, will need a large measure of financial independence and budgetary control. In other words, the IRD program directorate should have the purse strings of its own operations. Much of the authority needed to enlist the cooperation of various public sector agencies emanates from the ability to underwrite part of their budgets. Thus, the next step would be the administrative action necessary to effect these arrangements.

151. - If one deals with a new program in a new region, to be run by, as yet, inexperienced people, a concentrated learning exercise is called for. A seminar should be arranged for the core team of the program, including the director, conducted by a number of people who are experienced with the concept and with the various applications of IRD. This seminar should be followed by field visits to selected projects, again by the entire core team.

152. - The core team, guided by its director, should now draft a position paper with their elaboration of the IRD concept, and its objectives, as applicable to the particular reality of the area or region they deal with. This paper should be followed by an operational plan that should include guidelines and time schedules, if applicable, for the following:

i) sources and selection criteria for field personnel;

ii) selection criteria for areas that might be considered for nucleus projects. This part of the operational plan will probably include preliminary choices of a number of areas. Areas should not be larger than what can be covered by a team. Their size will thus depend on the type of agriculture employed, population density, topography, extent of road network, type and extent of community organization, and the expected required intensity and frequency of contact with individuals or groups of beneficiaries.

iii) terms of reference for the field teams that eventually will run the nucleus projects. Although largely conceptual in nature, these terms of reference should be used for some operational target setting as, for instance, the type of information sought in the initial social survey, the number of families expected to be visited daily or weekly by the respective team members, maximum time to be dedicated to various tasks, etc. Although the terms of reference for the field teams should leave ample room for
initiative, the inherent flexibility should not be usable as an easy excuse for underperformance on the part of program personnel. In particular, maximum amounts of time allowed, and deadlines, should be set for the various tasks.

iv) detailed budgeting of all operations, including funds for immediate actions.

153. While the previous task is being conducted, the selection of field personnel can be started. Again, some intensive training and familiarization with the concept of IRD is called for. In this case, a training course or seminar should be conducted by experienced field personnel from other projects, preferably from within the same country. The courses conducted by the Ecuadorian organization CESA are a good example of the practical teaching cum training needed.

154. With a new program, the number of initial field teams will be quite small. The number of potential areas for nucleus projects will exceed the number of teams available. Thus, selections of teams and assignments to areas will have to be made. It is in the spirit of the program's organization to let the teams have a voice in the ultimate selection of the particular area they will work in. A team should probably be sent on a preliminary reconnaissance mission of one week to each of, let's say, four different areas. Upon return they should decide, together with the program's core team which of the areas they should work in.

155. An area team will probably need a month or so to establish themselves in their area before they can start the sociological survey.

156. From here on, the sequence of events becomes, of necessity, much vaguer. It is now up to the individual field teams to develop their work within the reality of the situation in their area and within the confines of the team's own resources and capabilities. It is likely that development plans, specific achievements and schedules of operations will be different between different projects under the same overall program. Three generally applicable comments, though, can be made. First, the teams should receive periodic visits by knowledgeable outsiders, preferably from international support agencies, to supervise their progress and to give technical assistance with respect to conceptual issues. Second, a methodology and an organizational framework should be established for the interchange of experience between teams in different areas. And third, the initial formative stage of a project, may last anywhere between 2 to 4 years. In this stage not much tangible progress should be expected apart from modest "immediate actions". However, the end of this stage should be considered to be reached, when it becomes possible to prepare a firm project proposal of production, social and infrastructure services and works to be delivered within a period of not more than the next five years. The project proposal should be a report with substance, done by insiders familiar with the real situation in their area, and with implicit and explicit contributions by the target population.
The second phase of the project should then be similar to what currently is called an integrated rural development project. However, the particular projects under a program should be smaller than the average current projects, in order to have operational units that are as nearly as possible economically and socially homogeneous. This, in order for project staff to deal effectively with the target population and its concerns. As a consequence, more diversity among projects should be expected, because projects will be more custom tailored and less following a blueprint.

How this sequence of events will be put into practice, and particularly at which point it will be actually entered, depends on the extent of existing rural development efforts in the particular locale or situation. For instance, many areas in the Northeastern part of Brazil have so far been untouched by systematic rural development efforts. In most of the area, community organization is rudimentary or non-existent. Thus, one would expect local projects, as part of a regional program, to start at the very beginning of the sequence described here. On the other hand, another project let's say in Minas Gerais would build on substantial experience, gained over many years, with at least two large scale programs. Further rural development projects, using local expertise, would probably start, at the very least, with experienced field teams. Colombia had about twenty small scale pilot projects gradually developed over a 5 year period, run by an institution under the Ministry of Agriculture, before a nationwide program with independent nucleus projects was undertaken. The nationwide program, thus, was able to start with a core of experienced personnel and with an inventory of specially developed technical assistance.

2. Co-ventures between Private and Public Sector for New Settlements

The suggestion of possible synergism in rural development if private and public sector initiatives are combined, is based on observations and experiences in Brazil and in Ecuador. Both countries have a history of successful private land development and settlement. Until very recently, Brazilian experiences with colonizations and settlement projects have remained purely private sector undertakings; early spontaneous colonizations in Ecuador have been supported later with various government actions. It should be noted, though, that what is proposed here should properly be called support for settlement schemes rather than for colonization. The latter refers to extensive intervention in new virgin territory where otherwise development would not, or not yet, take place. The type of settlement projects advocated here imply a more marginal type of intervention in current frontier lands where development is, or will be, spreading anyway. It is these settlement projects on frontier lands which offer scope for combined private and public sector ventures. Although Brazil springs to mind as the Latin American country presently most active in opening up frontier lands, others offer similar opportunities: the low land areas of Bolivia, particularly around Santa Cruz; the area between Tingo Maria and Pucalpa in Peru; frontier lands on the Paraguay side of the Paraguay river; or the Oriente of Colombia. What is proposed here, at least as far as type of
project is concerned, is a variation upon current rural development projects, rather than a radical departure. As noted by Tendler, there are striking similarities in concept between the type of rural settlement projects suggested here and new style urban projects. She goes so far as to call these settlement projects: "rural sites and services" projects.

a. Arguments and Ideas

160. The arguments for the suggestion of joint private-public sector settlement or colonization projects are related both to the nature of these projects (settlement schemes) and to the type of implementing agency, a private land developing company.

161. Some private development schemes have been very successful in providing land and opportunity for large numbers of small and medium scale farmers. As was shown in the last chapter, one of the most successful of these private companies, and for a long time Brazil's largest private land developer, the Companhia Melhoramentos Norte do Paraná (CMNP) has developed over 1.3 million hectares of virgin land, founded six major cities and 57 minor ones, sold approximately 50,000 farm properties, with an average size of about 30 hectares, ranging from 12 to 73 hectares, to small farmers, and sold over 75,000 urban residential plots. The total population of the company's area with a size somewhat larger than the state of Connecticut, is now several million.

162. There are frontier areas in several Latin American countries where similar long term settlement schemes could be developed. However, some of the better lands available are marginally unattractive to private companies, because of complications such as confusion about ownership, institutional problems and political interference. A partnership with government might alleviate these complications sufficiently to make the development attractive to private initiative. The CMNP, mentioned in the previous paragraph, appears to be in just this situation. Some years ago, this company tried to acquire a large tract of frontier land in the state of Matto Grosso. The purchase was not affected, however, because of ownership complications and of, what was called, unwarranted political interference from the Matto Grosso state government.

163. Directed settlement projects in remote frontier lands have some of the advantages of urban projects that are often absent in more traditional rural development projects. Among those are: physical separation from areas under, what Tendler calls, elite control, and hence less unwarranted influence by powerful groups; benefits of infrastructure development can be focused clearly on the poor; and the project's building agency can provide employment.

164. A private managing partner can provide the continuity and stability that is mostly difficult to find in public sector agencies. Frequent personnel turnover, which is a notorious problem of many IRD projects can be avoided. The CMNP, for example, has a managing director who
joined the Company in 1932. In 1975, the Company had 22 senior personnel with more than 30 years of service.

The operational philosophy of a private land development company is deceptively simple, based as it is on a single motive, profit. Instead of trying to combine a number of different and unrelated development objectives and thus being forced into compromises and committee solutions, as is usually the case in public sector projects, a private developer will select the area with highest potential for successful development and will seek to eliminate bottlenecks. The private land development companies in Brazil have selected, and still select, areas of high potential as e.g. the coffee growing areas on terra roxa in Paraná and, today, rubber and cacao growing areas in Mato Grosso. The private developer focuses clearly on the main issues. CMNP, for example, spent the first years of its efforts clearing title to the land, often paying off several holders of dubious claims. This is a critical step, as land tenure for smallholders, the intended beneficiaries of these settlement schemes, is most precarious in Brazil. On the basis of secure land titles the company, in the 1930's and 1940's offered mortgages at terms that were better than those ever offered to smallholders in Brazil's history. In order to create markets for the small farmer's production and to have a ready source of production inputs and consumption articles, the company planned and built towns at 15 Kms. intervals along the main penetration roads. Thus, parallel rural and urban development was part of the overall plan from the start. The basic development strategy of this company clearly focused on the rural poor. According to CMNP's managing director, about 50% of the ultimate purchasers of properties started in the area as rural laborers, saving enough to be able to buy their own property eventually. All this, and more, was done by a company whose guiding motivation was to make a profit through the sale of land.

The proposed mode of implementation of the settlement projects appears to be almost diametrically opposed to the way in which current IRD projects are realized. In essence, these settlement projects pay their own way. Each increment is financed with the surplus of returns of the previous phase. Of course, there is an initial outlay of funds to purchase the basis for development, the land. But, contrary to the practice in public sector projects, there are no large outlays planned up front, neither in infrastructure nor in social services. This practice, incidentally, must alleviate some of the bias built into current IRD projects, where discounted benefit considerations force the search for, and incorporation of, means to generate early benefits in order to off-set high early costs.

Public sector services, particularly extension, in settlement projects on frontier lands have an entirely new clientele. There are no established large landholders. Hence the common problem in other rural development projects, where the extension service has to be re-directed towards the small farmers, does not apply. Also, successful extension work means successful farmers, which in turn helps land sales. This promotes practical, result-oriented extension work.
Although an organized public sector and its services came fairly early to most parts of private settlements, largely through the early incorporation of municipalities and the attendant tax revenues, long term developments appear to have been influenced negatively by the weakness of the public sector and its institutions. For instance, the requirement to leave at least 10% of each holding under its original vegetative cover, as a means to combat erosion, was never enforced in Brazil. An alert extension service might have prevented the gradual impoverishment of the land through over exploitation and virtual absence of measures to maintain and restore soil fertility.

b. General Approach

In recognition of the apparent success of private development schemes, at least in the short to medium term, and in an attempt to alleviate some of its constraints, the following might be an effective approach:

Organize large settlement projects on frontier lands with expected implementation periods of thirty years or more. The development entity should be a partnership between a reputable and experienced private land development company and the government. Day-to-day management should be in the hands of the private partner. The role of the public sector partner should be two fold: to bring public sector services to places and at levels pre-determined in a master plan of development and, second, to support financially some of the prospective settlers. The way in which the public partner's role should be exercised in conceptualization and management, its responsibilities with respect to timely delivery of services, and the extent and manner of support for some settlers, should be the subject of negotiations between the private and public partner.

c. Required Pre-conditions

The following listing of pre-conditions is intended to indicate what might be done to alleviate the usual and mutual distrust between the private and public sector before a project as the one suggested could be undertaken. Also, some of the pre-conditions are meant to establish responsibilities clearly and a priori; to try and bridge the gap created by the inherent political discontinuity of the public sector; and to suggest a mediator to bring the parties together. All this is suggested with the conviction that the time appears to be right, i.e. the political conditions are favorable in many parts of Latin America for joint private/public sector rural development projects.

Suitable land should be available, i.e. large tracts of frontier land, with good soil and climate, with known and favorable growing conditions for stable and remunerative cash crops and with unambiguously identifiable title. Although its location will be at the margin of current developments, the area should have easy access to markets for its main cash crop(s).
173. The private partner should be selected for his experience and reputation as a developer. It should be a company of substance, i.e. the company should be able to undertake the envisioned development on its own, if expertise and financial strength were the only criteria.

174. Of crucial importance is the selection, by the government, of the right executing agency for the public sector's role. Taking the experiences with integrated rural development projects as a guide we would suggest that a non-sectoral agency be selected, an agency with a staff function, not a line function. It should be an institution with sufficient authority to command the respect of, and to effect the coordination among various sectoral agencies. Furthermore, it should be a well established and stable agency, not subject to drastic changes with each change of administration. This is of particular relevance given the expected longevity of the type of settlement projects advocated here. Another possibility would be a large, well managed public development bank, whether agricultural or not.

175. It may be useful to bring in a third party mediator, or "matchmaker", to facilitate the negotiations between the private and public partners. This may be particularly relevant for the first projects when the impact of mutual distrust is still large and when the developmental concept and respective positions of the partners are ill defined. An international lending institution like the World Bank would appear to be an appropriate candidate for this mediation role, probably enjoying the trust and confidence of both parties to the project and having substantial experience, in its own right, with agricultural and rural development.

176. Finally, the joint design of a master plan is probably the last step in the preparatory process, prior to work on the project proper. This master plan should be based on a firm understanding of the respective roles of the partners. It should contain an elaboration of the concept upon which the project is based, i.e. with respect to types of settlers, products to be produced, expected speed of development, etc., and it should include plans for physical accomplishments.

d. Sequence of Events

177. Not much can be suggested at this point about how to proceed with the idea of a joint private/public sector settlement project. Much uncertainty is attached to the initial phases of planting the idea, generating interest in the appropriate quarters in both the private and public sector and trying to mediate and negotiate a long term relationship. Given the uncertainty a private investor faces and the reluctance of many Latin American governments to work closely with private companies in projects with great political appeal, an outside third party would probably be the best catalyst for such ventures. International lending institutions would be in a good position to promote such a project as the promise of finance would encourage the government to overcome its political scruples while the private sector would feel secure against politically motivated arbitrary interference.
with an international institution involved.

3. Programs to Support Non-Governmental Organizations

Most countries in Latin America have a large number of non-Governmental organizations that are engaged in various aspects of rural development. It is gradually recognized that NGOs can increase the scope of development efforts and as such can be considered important partners for the elaboration, design and implementation of development projects. For instance, between 1975 and 1982, a total of 46 different NGOs were involved with various aspects of 75 World Bank financed projects. Of the 75 projects, 30 were in agriculture and 4 were in rural electrification. In 25% of the cases of NGO involvement with World Bank funded projects, the NGO was a contractor; in an equal number of cases the NGO was the recipient of a loan or a grant from the government out of the proceeds of the Bank loan. In spite of this increased recognition of the potential contribution by NGOs, there is much controversy about the effectiveness of these organizations, mostly because of their limited size and scope of work. The claims of success made by the organizations themselves are often questioned. What Tendler has called the "articles of faith", refer to common themes of self-descriptions of non-governmental agencies, including claims that these organizations reach the poorest better than public sector bureaucracies; that they are better in generating real beneficiary participation; that they are good in engendering the process of change in society; that they are better in working directly with the people in the field; that they are more flexible and innovative in their methods of operation and, finally, that they have a special ability to work with and strengthen local private institutions. Although some, if not most, of these claims may be exaggerated, non-governmental organizations probably are an important under-utilized resource for rural development in many countries. Given the limited coverage achieved by most of the rural development efforts of the public sector, there appears to be a strong justification to use any additional resource available, in spite of its limitations and some reservations about its effectiveness. This is beginning to be recognized in several countries. For instance in Ecuador, SEDRI is in the process of establishing a program to support the many non-governmental agencies engaged in rural development work in Ecuador with managerial and technical assistance.

Often, non-governmental agencies, the majority of whose workers are motivated by a strong social conscience, come under attack for policies that displease the government. Frequent attacks on non-governmental agencies by more traditionally inclined governments in Latin America have led to a certain paranoia among those agencies in a number of countries. This is true particularly in Ecuador, Bolivia and Paraguay. It is true that little is known publicly about the activities of non-governmental agencies in those countries and that it often is even difficult to contact them. On the other hand, the limited evidence available, and experience in the field, suggest that a more systematic use of, and support for the activities of non-public sector institutions working in the rural areas could be quite productive. Two
examples of pragmatic and successful private initiatives in their own right are CESA in Ecuador and DESEC in Bolivia. 29)

a. Justifications

180. The positive attributes of non-governmental organizations probably outweigh substantially their limitations and ineffectiveness for certain tasks. Among the apparent arguments for organized and systematic public sector support for non-governmental organizations engaged in rural development are the following:

- Non-governmental organizations appear to be able to attract well motivated, socially conscious staff willing and able to live in remote areas for long periods of time among the population they work with. One of the reasons why NGOs appear to be able to attract unusually dedicated and motivated staff are their main recruitment criteria: attitude towards and aptitude for the work to be done. NGOs tend to recruit their staff on the basis of a consideration of their professional capabilities, but often and more importantly, on the basis of their perceived commitment towards the particular goals of the organization in question. This contrasts with the usual hiring practice of government institutions where more objective criteria of professional qualifications, curriculum vitae and other technical considerations have to be taken into account, rather than attitudes of commitment to particular sectors of the population or particular policies.

- Non-governmental organizations can be a good vehicle for the dynamic and charismatic person who has drive and ambition to do rural development work as he, or she, sees fit. As a matter of fact, most of the successful organizations that we are familiar with were started by one person with a vision. Often, part of the drive and dedication of the staff, alluded to earlier, is based upon their respect for and belief in the founder and director of the institution.

- Many NGOs show a method of operation that was advocated previously as part of a different approach to public sector IRD projects, i.e. the willingness to allow for an initial, mutual, learning and familiarization period for both project workers and beneficiaries.

- In spite of the origins of many NGOs as relief agencies, there is a tendency now to focus more on production increases, as a means of development, in line with the current development philosophy of the large donor organizations. However, their old and continuing emphasis on relief makes these organizations rather appropriate to
conducted the social components of integrated rural development projects.

There are indications that NGOs can accomplish a number of activities, particularly the construction of infrastructure, less expensively than the usual public sector institutions. The main reasons appear to be first, that their personnel works close enough to the beneficiaries and their local organizations to be able to mobilize traditional communal self help energies, and second, NGOs depend upon private contractors rather than upon the executing agencies of the public sector for the construction of such works as irrigation canals and feeder roads.

Many NGOs still try to do the new type of work, rural development, with the old type of staff, i.e. with an idealistic staff of generalists. In many cases they need extra technical assistance in order to do their work efficiently.

There is often no dialogue between non-governmental organizations and the sectoral institutions of the public sector. This can seriously hamper the brokerage role that non-governmental agencies could perform effectively between the rural poor and public sector institutions. An authoritative support agency for NGOs might be able to mediate some of the coordination problems encountered.

There is evidence that, as in most organizations, creativity, efficiency and hard work are related to newness and youth. Accordingly, the promotion of the establishment of more and new non-governmental agencies to work on one or another aspect of rural development would appear to be in the overall interest of that work. The existence of a supporting agency might just be the "venture capital" that is needed to get a number of these programs started.

Non-governmental agencies appear to be good in bridging the gap between the small holder and the credit system. Because of their closeness to the small farmer and the community, non-governmental agencies and their personnel can often make personal, subjective judgments about the credit worthiness of a person or an association. This may open the way to extend credit, not so much on the basis of collateral which the small farmer often does not have, but on the basis of knowledge and judgment of the person in question.

Non-governmental development agencies can remain independent of the governmental development policy of the day. Contrary to the situation of government development agencies, NGO's
policies do not have to be consistent with overall government development policy. In other words, changes in these policies at governmental level will not necessarily affect the functioning of the NGO's development concepts or of its concrete development projects. The developmental policies of NGOs tend to be generated internally. Actually, a certain developmental policy is often at the heart of the creation and existence of many NGOs. At most, the NGOs developmental policies will be adjusted in the face of criticism and suggestions of the target population with which the organization works and as a result of suggestions and requests by co-financing agencies for certain projects implemented by the NGO. Thus, the changes in policies of NGOs tend to be more project specific, while the organization as such tends to follow a rather steady policy course. Hence, the voluntary nature of the work of non-governmental organizations distinguishes them from the compulsory nature of the activities carried on by governmental agencies, and there can be more continuity in their developmental efforts.

In contrast with government agencies, who will have to strive for an equitable distribution of their efforts nation-wide, following fluctuations in national policies, non-governmental organizations can be more parochial and can direct their efforts to specific parts of the population or to limited and well-defined areas of the country. As a matter of fact, most NGOs have fairly clearly defined target populations.

The limited size of NGOs, which admittedly limits the absolute impact that most of them can have, also has its advantages. Because of the limited number of people involved, and because an NGO does not have to cope with a large bureaucracy, their decision making structure can be rather simple and fast. For the same reason, their overhead costs per dollar spent on actual project related activities can be smaller than similar costs of larger governmental institutions dealing with rural development. Hence, NGOs can operate with lower budgets and with more agile and flexible procedures for decision making than their larger counterparts in the public sector bureaucracies.

Contrary to government institutions, NGOs appear to have greater difficulties in financing the start of their operations. However, once started, usually with financial support from abroad, their financial situation tends to be more stable than the situation of most governmental agencies. The latter usually have to deal every year with national priorities in terms of budget composition and
allocation of funds. NGOs have a certain guarantee of operating with the financial support already conceded, often for a fairly long period of time; at least as long as their major projects last. Not only do government institutions suffer from the yearly budget process of the government, but they also tend to be, for very much the same reasons, under pressure to show yearly results and particularly to spend the yearly allocated sums of money. Non-governmental organizations usually do not have this type of disbursement pressure on them.

b. General Approach

194. The term non-governmental organizations covers a varied and somewhat confused universe of institutions, aiming at diverse goals, usually different from those of institutions in the public sector. These organizations include those established by churches, by social clubs, by universities, research centers, or political parties, by craft and union organizations and by other private associations. For the purposes of this report we will define the non-governmental organizations as those that are private, non-profit and dedicated to the design, evaluation and implementation of development projects and programs in rural areas. We include only those organizations that are action oriented and focus on developmental work rather than on relief.

195. Mostly, these organizations define as their target groups those sectors of the population that are known as poor or "marginalized", meaning that their clientele is not integrated in society. Their declared goals and specific activities often imply an intent to change the prevailing social system. They tend to receive financial support from other entities and institutions, usually from abroad, who are sympathetic with the particular organizations' views of the society or with its intention to change the social system. As such, many NGOs in Latin America, working on various aspects of rural development, are supported by a multitude of European left of center institutions. Thus, grass roots movements, with popular participation, aiming at the political mobilization of the rural poor usually receive support from national non-governmental organizations dealing with rural development, who in turn receive international support from kindred institutions.

196. The most important pre-condition for the establishment of a successful support program for non-governmental agencies appears to be the acceptance at a high level in government, of the idea that NGOs are potentially effective. This acceptance should go together with an understanding of the workings, of the limitations and of the aspirations of these institutions among the top decision making level in the government.

197. Methods of cooperation have to be established between non-governmental agencies and their counterparts in the public sector. Competition between governmental and non-governmental organizations often
arises as a result of professional jealousy or because of competition for the interests and support of the same target groups. Suspicions on the part of governmental institutions that NGOs are against the establishment or against the development policies stated by governmental institutions have to be resolved.

198. A support program for non-governmental organizations, of course must remain evenhanded and has to prevent creating the impression that one agency is favored over another.

c. Possible Types of Support

199. A national or international support program for NGOs should have three main objectives: render direct managerial and technical assistance; facilitate cooperation between NGOs and pertinent sectoral agencies of the government; and provide access to a pool of information about the state of the art of activities in which the NGOs engage.

200. Many NGOs are established and run by professionals who have no formal training in the managerial or organizational aspects of an institution. Often, these same professionals have little inclination to get involved with what they consider matters of bureaucracy. Furthermore, the increased emphasis on development, rather than on welfare, in the work of many NGOs, has created demands for technical skills, such as agricultural production expertise, that these organizations do not have. The availability of topical expertise, that can be drawn on if and when required, in the form of short term consulting assistance would be helpful to many NGOs.

201. NGOs often are in a good position to bring public goods and services, such as agricultural extension, health supply or education to communities that are so far untouched by the relevant public sector institutions. However, many reasons, from ignorance to jalousie de métier may keep NGOs from bridging the gap between the government institutions and the population groups with whom they are involved. Support for NGOs by an international agency, trusted and respected by both the public sector and the NGOs, could play an important mediation role between the two.

202. Most NGOs, and particularly indigenous, local organizations, do not have ready access to information about developments in their areas of technical or social activity. Hence, a useful objective of a national support system for NGOs would be to function as a "resource center for NGOs". This is one activity of a local support organization that could benefit from connections with external agencies, including internationally operating NGOs. This access to information and assistance need not be limited to technological matters, but can as well include access to managerial assistance, information about financing sources, etc.

203. Finally, some modest financial aid for organized local support of NGOs would probably contribute considerably to establish better cooperation between NGOs and local public sector agencies.
FOOTNOTES

1) Multi-sectoral projects are those that involve two or more sectoral components with the dominant sector, in this case agriculture, constituting less than 25% of net project costs.

2) Figures based on data in: Leif E. Christoffersen - The Bank and Rural Poverty - Finance and Development - December, 1978. Note that data presented here refer only to the Bank's multi-sectoral rural projects. Its total lending to rural development projects, i.e. to projects that by definition are targeted on the poor, increased from a yearly average of 29% of all agricultural projects, between 1969 and 1973, to 58%, for the five years after 1973. Total monetary commitments to these same projects increased likewise from 21% to 53%.


6) Technically, the desire for quick results stems from the use of discounted benefit analysis which puts an exceedingly high premium on time and hence quick results. It is doubtful that any integrated rural development project in a country with a high estimated discount rate could ever show a high rate of return with discounted benefits.


8) The continuity of bureaucratic struggles is attested to by the current desire, in some quarters in Colombia, to put the country's entire combined
integrated rural development and low cost food supply program under the responsibility of the Ministry of Agriculture. In our opinion that would be a retrogression with respect to Colombia's history of integrated rural development.

9) The country's major development program for the entire Northeastern part of Brazil.


13) For instance, where and how to construct weirs in rivers to hold water during periods of drought, but such that they are not washed away in the rainy season; organization of communal labor and the accounting of who participated; how and on what to spend the funds contributed by community members to communal cash accounts, etc.

14) A literal translation of the Portuguese word "concientização" used in Brazil to describe part of the psychological "awakening" experienced by project beneficiaries in the early stages of a successful IRD.

15) Modest achievements in our eyes may be not so modest in the eyes of a deprived family of a small farmer.

16) An illustrative example of the importance of an immediate action program is given in a publication describing the first, formative, stage of a project in Ecuador now financed by the World Bank, and known as the Esmeraldas project.

Barsky, O.; Diaz Bonilla, E; Furché, C; Mizrahi, R. - Políticas Agrarias, Colonización y Desarrollo Rural en Ecuador OEA-CEPLAES - Quito - 1982 - pp. 189-205.

17) Personal experience with local field personnel in rural development in Latin America has given us full confidence that intelligent, motivated and dedicated young professionals can be found to form superb teams for rural development action.

18) In general graft and corruption tend to increase the further one is removed from the operational field level. Thus, the advocated de-centralization, delegating authority downwards, might actually diminish the incidence of abuse.
19) The mayor of Nova Serrana, a municipality in an IRD area in Minas Gerais (Brazil), cited as positive evidence of the beneficial impact of the community organization under the project the fact that he now was able to build a new road through the community of Ripas, in his municipality, without having to pay indemnizations to all owners whose properties were more or less physically influenced by the construction. Although quantifiable in this case, these and similar side benefits are usually not considered.

20) Central Educatoriana de Servicios Agrícolas.

21) Outsiders and their institutions, with long term involvement in programs, often also provide continuity of purpose in projects that have a rapid turnover of personnel. The latter is unfortunately common among many public sector agencies dealing with IRD. Furthermore, outsiders can often diminish or eliminate unwanted influences, mostly political, that local personnel finds difficult to oppose.

22) The best known example in Ecuador is the project in Santo Domingo de los Colorados.


24) See Tendler op.cit.

25) Farm lots were sold for 30% down, 10% the first year of occupation, 20% for the next 3 years. An interest rate of 8% was applied to the unpaid balance. Urban lots were sold for 40% down and 30% in each of the ensuing two years.


28) Secretaria de Desarrollo Rural Integral - the government's coordinating agency for all integrated rural development efforts in the country.

29) CESA, Central Equatoriana de Servicios Agrícolas. DESEC, Center for Social and Economic Development.
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Edited by Michael M. Cernea, John K. Coulter, and John F.A. Russell
Captures nearly ten years of experience with the Training and Visit Extension System. Addresses five issues: farmer participation, the research-extension linkage, training, system management, and monitoring and evaluation. Within this framework, extension system managers and evaluators from six Asian countries and six discussants present their experience and analyses. Notes the World Bank's strong commitment to agricultural development in its member countries and to helping least advantaged farmers to improve their productivity. Valuable to policymakers, project designers, rural sociologists, extension workers, and other agricultural researchers.

Agricultural Extension: The Training and Visit System
Daniel Benor, James Q. Harrison, and Michael Baxter
Contains guidelines for reform of agricultural extension services along the lines of the training and visit system. The central objective—making the most efficient use of resources available to governments and farmers—is achieved through encouraging and facilitating feedback from farmers to research workers through extension personnel who visit and advise farmers on a regular, fixed schedule, thus helping research to solve actual production constraints faced by the farmer.
Explains the complex relationships in training and visit extension and draws attention to the range of considerations that are important to implementing the system.
1984. 95 pages.

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Nicholas R. Lardy

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Agricultural Research

Points out that developing countries must invest more in agricultural research if they are to meet the needs of their growing populations. Notes that studies in Brazil, India, Japan, Mexico, and the United States show that agricultural research yields a rate of return that is more than two to three times greater than returns from most alternative investments and cites some of the successes of the high-yielding varieties of rice and wheat that were developed in the mid-1960s. Discusses the World Bank's plans to expand its lending for agricultural research and extension, particularly for the production of food and other commodities that are of importance to low-income consumers, small farmers, and resource poor areas.


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The principal tool of analysis is the sector model CHAC, named after the Mayan rain god. This model can be used throughout the sector to cover short-cycle crops, their inputs, and their markets. It can also be broken down into submodels for particular localities if more detailed analysis is required. The model helps planners weigh the costs among policy goals, which can vary from region to region. This volume reports the experience of using the CHAC model and also presents purely methodological material.

The Johns Hopkins University Press. 1983. 624 pages (including maps, bibliographies, index).
Building National Capacity to Develop Water Users' Associations: Experience from the Philippines  
Frances F. Korten  
Staff Working Paper No. 528. 1982. v + 69 pages (including references).  

Bureaucratic Politics and Incentives in the Management of Rural Development  
Richard Heaver  
Analyzes management problems in implementing rural development from a bureaucratic political standpoint. Emphasizes the need to take account of informal interests in managing programs. Suggests possible methods for assessing incentives.  

The Design of Rural Development: Lessons from Africa  
Uma Lele  
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Economic Analysis of Agricultural Projects  
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Sets out a careful and practical methodology for analyzing agricultural development projects and for using these analyses to compare proposed investments. It covers what constitutes a "project," what must be considered to identify possible agricultural projects, the life cycle of a project, the strengths and pitfalls of project analysis, and the calculations required to obtain financial and economic project accounts.  
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Forestry  
Graham Donaldson, coordinating author  
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Forestry Terms—Terminologie forestiere
English—French; Francais—Anglais.

Presents terminology related to forestry development and erosion control in arid and semiarid lands. Since fuel-wood problems and desertification have become serious, particularly in Western Africa, the World Bank has become increasingly involved in wood-based energy and erosion-control and in forest-management projects. Assists translators and researchers who work in this field.

A World Bank Glossary—Glossaire de la Banque mondiale
1984. 48 pages.

Land Tenure Systems and Social Implications of Forestry Development Programs
Michael M. Cernea
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Managing Information for Rural Development: Lessons from Eastern Africa
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Michael M. Cernea
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Monitoring and Evaluation of Agriculture and Rural Development Projects
Dennis J. Casley and Denis A. Lury
This book provides a how-to tool for the design and implementation of monitoring and evaluation systems in rural development projects. Because rural development projects are complex, they seek to benefit large numbers of people in remote rural areas, and they involve a variety of investments. The need for monitoring and evaluating them during implementation has been accepted in principle, but effective systems have not heretofore been formulated. The concepts of monitoring and evaluation are differentiated and issues that need to be considered in designing systems to monitor and evaluate specific projects are outlined, emphasizing the timeliness of the monitoring functions for effective management. Elaborates on such technical issues as selection of indicators, selection of survey methodology data analysis, and presentation. It is directed primarily to those working with specific projects and will be useful to project appraisal teams, to designers of monitoring and evaluation systems, and to project staff who work with these systems.

Monitoring Rural Development in East Asia
Guido Deboeck and Ronald Ng
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Monitoring Systems and Irrigation Management: An Experience from the Philippines
Agricultural economists, planners, and field workers will find this 1983 case study report a practical guide for designing efficient monitoring and evaluation systems for irrigation and similar projects. It illustrates the practical application of the principles covered in the 1982 publication Monitoring and Evaluation of Agriculture and Rural Development Projects. Highlights the problems as well as the successes.
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Looks at China's rural development experience as a whole since 1949. Analyzes China's agricultural performance and traces it back to the technology and other sources that made that performance possible. Goes beyond the conventional sources of growth analysis to examine the political and organizational means that enabled the Chinese to mobilize so much labor for development purposes.

Describes the successes and failures of China's rural development policy. Helps clarify both the strengths and weaknesses of a self-reliant strategy of rural development.


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Clive Bell, Peter Hazell, and Roger Slade

This innovative study develops quantitative methods for measuring the direct and indirect effects of agricultural projects on their surrounding regional and national economies. These methods are then applied to a study of the Muda irrigation project in northwest Malaysia. A linear programming model is used to analyze how a project changes the farm economy, and a social accounting matrix of the regional economy is then estimated. This provides the basis for a semi-input-output model, which is used to estimate the indirect effects of the project on its region. Thereafter, a similar methodology is used to estimate the project's effects on key national variables, thus permitting a full social cost-benefit analysis of the project.

The Johns Hopkins University Press. 1982. 336 pages (including maps and index).

Sheep and Goats in Developing Countries: Their Present and Potential Role
Winrock International Livestock Research and Training Center
Sheep and goats are viewed as an integral component of complex agricultural systems. This comprehensive analysis leads to recommendations on the need for a balanced production system approach for research, training, and development programs. Assesses the role of sheep and goats in food production systems by examining advantages and disadvantages, aid/donor support, constraints on contributions, and overcoming constraints. Emphasizes the need for a combination of support activities and marketing and pricing policies for small ruminants and their products. Reviews ongoing projects.

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Staff Working Paper No. 608. 1983. 172 pages (including more than 75 tables and charts).

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The feasibility of agricultural projects and their intended impact are often determined by traditional patterns of tenure and land use. This paper provides agricultural project designers with an analytical basis and rationale for examining systems and suggests how to use such information in designing projects.

Training and Visit Extension
Daniel Benor and Michael Baxter
Contains a comprehensive explanation of the organization and operation of the training and visit system of agricultural extension. Emphasizes simplicity and decisiveness. Defines organization and mode of operation and allows continuous feedback from farmers to extension and research workers. This method has been adopted in some 40 countries in Asia, Africa, Europe, and Central and South America. Useful to extension staff at all levels, agricultural research personnel, trainers, and staff of agricultural organizations, as well as universities and training institutions involved in agricultural and rural development and public administration.

Women and the Subsistence Sector: Economic Participation and Household Decisionmaking in Nepal
Meena Acharya and Lynn Bennett
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