



Theo Rauch, Matthias Bartels, Albert Engel

Regional Rural Development

A regional response to rural poverty



Bundesministerium für
wirtschaftliche Zusammenarbeit
und Entwicklung



Deutsche Gesellschaft für
Technische Zusammenarbeit (GTZ) GmbH

Schriftenreihe der GTZ, Nr. 274

Regional Rural Development

Theo Rauch, Matthias Bartels, Albert Engel

Regional Rural Development

A regional response to rural poverty

Wiesbaden 2001

Published by: Deutsche Gesellschaft für
Technische Zusammenarbeit (GTZ) GmbH
Rural Development Division (OE 4555)
P.O. Box 5180
D-65726 Eschborn, Germany
Internet: <http://www.gtz.de>
and
Federal German Ministry for
Economic Cooperation and Development (BMZ)
Division Rural Development / Global Food Security
Friedrich-Ebert-Allee 40
D-53113 Bonn, Germany

Authors: Theo Rauch, Matthias Bartels, Albert Engel

Photographs: Title page: R. Riethmüller (landscape, manual workers),
IP-Institut für Projektplanung GmbH (market place),
U. Seibert (agriculture)

Printed and distributed by: Universum Verlagsanstalt
65183 Wiesbaden, Germany

Preface

The persistence and magnitude of mass poverty have moved world leaders to a new consensus on poverty reduction, their ambitious goals being to reduce by half the number of people living in absolute poverty and to half the number of people suffering from hunger and malnutrition by the year 2015. However, most initiatives (not only national ones such as poverty reduction strategies but also the international poverty debate) do not sufficiently emphasise the pivotal role of rural development in reducing poverty and increasing food security. Rural development has to be put back on the agenda.

The "Concept for Rural Development" of the German Federal Ministry for Economic Cooperation and Development (BMZ) provides principles and a framework for poverty-oriented rural development interventions ranging all the way from local to global initiatives. One focus of German development cooperation is the "regional concentration within the context of integrated rural or urban development". With the BMZ "Concept for Rural Development" as a reference point, the present report, "Regional Rural Development: A regional response to rural poverty", takes the sub-national regional context as the primary level of intervention and provides a strategic orientation for regional rural development. It particularly addresses regional and local governmental decision-makers; but it is also relevant for national department staff, NGOs, consultants and international development cooperation organisations.

The *regional focus* complements sectoral and technical approaches as well as macro-level policy reform and international trade agreements. We believe that a regional, rural and people-centred response to widespread rural poverty can make a difference. It can create a sense of regional identity and spur the local energy needed to mobilise regional resources and attract external ones. Regional competence and regional service systems gain major importance in an increasingly decentralised system of governance. Mass rural poverty cannot persist in a thriving region.

German development cooperation has gained considerable experience with integrated regional rural development. Its guiding principles, published in 1983, still apply today. During the 1990s, macro-level frame conditions changed dramatically in most countries. Globalisation, deregulation, transformation of the state, decentralisation and privatisation are just some of the processes that have brought new opportunities but also substantial risks and burdens to rural populations. New ideas and concepts have also surfaced, and new lessons have been learned – lessons that are relevant to rural development and sustainable development, both. These have been incorporated in this report.

The strategic focus of regional rural development is on: (1) identification of new and better opportunities, (2) capacity-building for service institutions, and (3) capacity-building for people, especially disadvantaged groups, so that they can utilise what opportunities and services come their way. These focuses are further elaborated in 70 strategy components for regional rural development initiatives.

This report is based on intensive discussion among regional and national decision-makers, development practitioners and the staff of various agencies: it is living proof of the innovative potential of GTZ-initiated rural sector networks in Africa, Asia, Latin America, Eastern Europe and Central Asia.

Dr. Hans-Joachim de Haas
BMZ
Division 416
Rural Development /
Global Food Security

Dr. Henner Meyer-Rühen
GTZ
Division 45
Rural Development

Acknowledgements

Written inputs, reviews and comments were provided by:

Helmut Albert, GTZ; **Agnes Bartholomäus**, ENAPRENA, Paraguay; **Georg Birbaumer**, CAAZAPÁ, Paraguay; **Günther Bischoff**, IFSP, Mozambique; **Reinhard Bodemeyer**, PCDA, Morocco; **Philipp Buss**, GTZ; **Michael Connolly**, IRDEP, Zimbabwe; **Anka Derichs**, SPRING, Dortmund; **Desiree Dietvorst**, Frankfurt/Main; **Manfred van Eckert**, ITFSP, Kenya; **Helmut Eger**, GTZ; **Josef Grimm**, MDP, South Africa; **Hajo Junge**, Berlin; **Uwe Kievelitz**, GTZ; **Karl-Peter Kirsch-Jung**, GTZ; **Martin Klaucke**, GTZ; **Christoph Kohlmeyer**, BMZ; **Robert Kressirer**, CBDP, South Africa; **Barbara Krause**, BOSAWAS, Nicaragua; **Thomas Kroll**, SARDEP, Namibia; **Manuela Leonhard**, GTZ; **Manfred Leupolt**, MDP, Lesotho; **Ulrich Müller**, GTZ; **Stefan Oswald**, SFP, Zimbabwe; **Klaus Pilgram**, SNRD, Zimbabwe; **Ingrid Prem**, GTZ; **Hans-Jürgen Schmid**, PRODER, Mozambique; **Alwin Schuchmann**, MARRP, Mozambique; **Paul Schütz**, GTZ; **Arno Sckeyde**, TRANSFORM, South Africa; **Volker Steigerwald**, ESSP, Sri Lanka; **Roland Steurer**, GTZ; **Petra Stremplat-Platte**, GTZ; **Martin Tampe**, GTZ; **Maria Tekülve**, South Africa; **Reinhard Trenkle**, PRA, Ghana; **Robert Verbruggen**, GTZ-Ghana; **Ulrich Vogel**, GTZ; **Ulrich Weyl**, BZDP, Malawi; **Willi Zimmermann**, GTZ.

The **Sector Network for Rural Development for Southern Africa** (SNRD) prepared the ground for many of the presented strategy components through their conceptual development efforts in various working groups and the work of the special task team, in particular during the Dikhololo workshop in South Africa in October 1999.

The **Sector Networks for Rural Development for Southern Africa, the Mediterranean / Middle East, Latin America and Asia** were involved in the conceptual discussions through their respective working groups and provided valuable contributions and feed back.

The report was prepared on behalf of the GTZ Rural Development Division. Conceptual feedback was provided by staff of the **Section Rural Policy and Regional Development** during its annual meeting 2000.

Vira Denton, **Desiree Dietvorst** and **Katherine Clark** English proof-reading.

The support of the editing and publishing process by **Hajo Junge** is highly appreciated.

Contents

PREFACE	i
ACKNOWLEDGEMENTS	iii
SUMMARY	1
PART 1 “REGIONAL RURAL DEVELOPMENT”: RATIONALE AND CONCEPT	14
I. The Problem: Persisting Rural Mass Poverty	14
II. Changing Frame Conditions in the 1990s	16
III. Regional Rural Development	18
PART 2 STRATEGY COMPONENTS	30
I. The Economic Dimension: Food and Cash	
<i>A. Strengthening capabilities to cope with markets</i>	<i>32</i>
<i>B. Creating new opportunities</i>	<i>34</i>
<i>C. Granting fair access to limited opportunities</i>	<i>41</i>
<i>D. Dealing with risks and distress</i>	<i>41</i>
II. The Socio-cultural Dimension: Interaction with People	
<i>A. Securing target group and gender differentiation</i>	<i>47</i>
<i>B. Institutionalising public participation</i>	<i>50</i>
<i>C. Dealing with HIV/AIDS</i>	<i>56</i>

III. The Political and Institutional Dimension: Power and Capacity

A. <i>Towards an appropriate diversified system</i>	62
B. <i>Coping with decentralisation</i>	64
C. <i>Building community ownership</i>	77
D. <i>Intelligent service system solutions</i>	82
E. <i>Acknowledging the role of traditional authorities</i>	84

IV. The Ecological Dimension: Managing Natural Resources in a Sustainable Manner

A. <i>Technical aspects</i>	89
B. <i>Community-based management</i>	89
C. <i>Service Systems</i>	91
D. <i>Legal and economic framework</i>	92
E. <i>Multi-sectoral and regional perspective</i>	95

PART 3 THE ROLE OF DEVELOPMENT COOPERATION 96

I. Supporting regional level concept development.....	100
II. Strengthening the problem-solving capacity in a regional network	102
III. Strengthening regional and local level institutional capabilities.....	104
IV. Financial support for implementation	106
V. Supporting the drafting of national policy and legal frameworks	106
VI. Connecting the region to national and international programmes.....	107
VII. The institutional setting of Technical Cooperation.....	108

LIST OF ABBREVIATIONS 109

LIST OF RURAL DEVELOPMENT STRATEGY PAPERS 110

List of Figures

Fig. 1:	The gap between the rural poor and the service system	15
Fig. 2:	RRD Concept	20
Fig. 3:	RRD in Context	29
Fig. 4:	The Economic Dimension.....	31
Fig. 5:	The Socio-cultural Dimension.....	46
Fig. 6:	Interaction between people and state agencies or service providers	51
Fig. 7:	Matching quality, replicability and inclusiveness in the participation process.....	53
Fig. 8:	Closing the gap between the rural poor and the service system	60
Fig. 9:	The Political – institutional Dimension	61
Fig. 10:	Decentralisation: Prerequisites, Objectives and Risks.....	67
Fig. 11:	The Ecological Dimension	88
Fig. 12:	Positioning the Strategy Guidelines in the RRD Process	96
Fig. 13:	The Roles of Development Cooperation in the RRD Process	99
Fig. 14:	Performance of Regional Actors.....	103

Summary

Regional Rural Development (RRD): Rationale and Concept

RRD is a **concept** for rural development interventions in a given region. Both regional and multi-sectoral, it focuses on people and poverty.

RRD addresses regional- and local-government decision-makers as well as national departments, NGOs, consultants and international development cooperation organisations.

Rural development has lost none of its relevance in the face of ongoing market globalisation. Rural regions – whatever their comparative growth potential, advantages or disadvantages – continue to be significant: it is rural regions that provide livelihoods for people without steady employment in the formal economy. And the wide range of environmental resources in rural areas supply not only local inhabitants but national and global urban populations as well. Increasing population density, migration, and changes in eco-systems are threatening to degrade rural regions. *Rural areas will need to change* if they are to continue to provide a living for growing numbers of people and to avoid slipping into poverty and falling prey to environmental disasters.

Rural development calls for a **regional approach**. Macro-level reforms can provide a sound policy framework and effective incentives. But interventions on the regional level are what enable most people in rural areas – and especially the rural poor – to seize opportunities and cope with challenges. It is on this level that appropriate solutions can be found – solutions that can take the natural and socio-cultural environment into account and tap accessible service systems. Unlike local interventions, regional approaches regard the broader context of market systems, service systems and ecological systems, thus increasing replicability and synergy. For maximum impact, the regional approach should complement national interventions on the one side and local ones on the other. It can link national (sectoral) programmes to local needs and initiatives. The predominantly cross-sectoral regional programme approach can facilitate the smooth coordination of sectoral interventions.

RRD pursues a **people-oriented** development approach rather than a resource-, sector-, technology- or growth-oriented one. This type of approach harmonises with the circumstances common in rural regions, where people earn a living directly through trades or small farms. Under such circumstances, what people decide and plan themselves determines the course of development. The more abstract rationale behind sectoral (e.g. agricultural) development is less important here than in societies dominated by wage labour and a high degree of specialisation. This "people-oriented approach" differs significantly from classical programmes for agro-based development, export-led development, or rural growth centres. RRD aims for interventions that correspond to specific rural people in a given rural region.

RRD focuses on rural regions where poverty and extreme vulnerability predominate. **Poverty alleviation** and vulnerability reduction are central to the RRD approach. RRD does not focus exclusively on poor or vulnerable population groups, however, but on reducing poverty through *inclusive* approaches that give everybody a chance to participate and to benefit from resources, services, and, if appropriate, redistributive mechanisms.

The **objective** of RRD is *lasting improvement – or at least stabilisation – of living conditions in rural regions, especially for poorer population groups*. Adverse macro-economic conditions, macro-policy generally, and the extremely limited resources typical of rural regions in less- and least-developed countries often limit regional approaches to preventing dramatic deterioration of existing circumstances and stemming any rise in vulnerability.

RRD is primarily designed for the rural areas of poor or transition countries. In the typical **problem situation**, deficient economic, social and institutional systems do not enable the rural poor to access the services, resources, markets and information they need. Generally, the macro-economic and macro-policy changes of the 1990s have only made their situation worse. Poorer people in rural areas cannot take advantage of the new economic and democratic opportunities theoretically open to them, and market liberalisation and the withdrawal of state services amount – for them – to a plain deterioration of economic and social services.

The **strategic method** employed in RRD is two-pronged, requiring both service providers and policy-makers and the people themselves to make an effort and make adjustments. RRD focuses strategically on three points:

- (1) identification of the *opportunities* afforded by the new economic and institutional frame conditions and the region's specific characteristics and resources
- (2) *capacity-building of service institutions* through institutional reforms, so that more appropriate services are available to the poor
- (3) *capacity-building of people* – especially disadvantaged groups – so that they can utilise the services now available to them and seize opportunities as they arise

All strategies are subject to the fundamental development policy **principles** of sustainability, participation, subsidiarity, target group differentiation, gender equity and, of course, poverty alleviation. These principles take on special meaning in regional interventions: the institutionalisation of participation is one of many examples.

Strategy Components

The RRD concept offers regional and national decision-makers seventy **strategy components** based on world-wide experience. These components provide ideas on how to deal with typical problems within existing economic, institutional, socio-cultural and environmental conditions. In other words, they are a RRD aid to implementation in difficult environments. These strategy components are not mere formulae,

however. Not all of them may apply within a given situation or apply in the same way in different locations. Still, they can offer direction for regional-level interventions in combination with specific national, regional and local objectives and characteristics.

THE ECONOMIC DIMENSION: FOOD AND CASH

Strengthening capabilities to cope with markets

1. Supporting diversification of economic activities
2. Supporting adapted production systems
3. Building capacity to cope with market mechanisms
4. Enabling advanced producers to make use of new opportunities

Creating new opportunities

5. Searching for new opportunities
6. Making markets work
7. Promoting local economic development
8. Considering subsidy components that conform to sustainability
9. Promoting rural-urban linkages
10. Designing and managing food market interventions
11. Offering labour-intensive infrastructure programmes

Granting fair access to limited opportunities

12. Ensuring non-discriminative economic promotion schemes

Dealing with risks and distress

13. Strengthening social security systems
14. Managing risks, preventing disasters and assisting in emergency situations

THE SOCIO-CULTURAL DIMENSION: INTERACTION WITH PEOPLE

Securing target group and gender differentiation

15. Knowing about rural actors and clients
16. Targeting only those who require special attention
17. Achieving inclusiveness by addressing specific needs
18. Exclusiveness by self-targeting or community targeting
19. Ensuring representation of disadvantaged groups
20. Strengthening gender and minority representation in institutions and policy processes.

Institutionalising public participation

21. Considering a wide range of options
22. Compromising between process quality, replicability and inclusiveness
23. Considering existing decision-making systems
24. Temporary application of high intensity participation forms to create a basis for low intensity forms
25. Considering competence, contribution and relevance
26. Institutionalising representative systems
27. Combining area and stakeholder participation
28. Creating conditions for participation

Dealing with HIV/AIDS

29. Integrating AIDS prevention into rural development programmes
30. Supporting the coping strategies of rural people
31. Dealing with the institutional impact of HIV/AIDS

THE POLITICAL AND INSTITUTIONAL DIMENSION: POWER AND CAPACITY

Towards an appropriate diversified system

32. Adhering to the principle of subsidiarity
33. Adhering to the principle of complementarity
34. Promoting competition
35. Initiating a process of organisational transformation

Coping with decentralisation

36. Taking a long-term struggle into account
37. Checking what the local level can do better
38. Right-sizing decentralised units
39. Alignment of sectoral and regional/local programmes
40. Avoiding unfunded mandates: designing fiscal decentralisation
41. Establishing political accountability through control from above
42. Establishing political accountability through control from below
43. Supporting autonomy without disintegration
44. Managing a decentralised planning and budgeting process
45. Ensuring institutional preparedness for multi-sectoral co-ordination of implementation
46. Setting up sound financial management systems
47. Providing an enabling environment for people's involvement
48. Managing partnerships
49. Strengthening local capacities for conflict management

Building community ownership

50. Setting up fair and affordable cost-sharing systems
51. Introducing performance-related cost sharing
52. Access to basic services for the poorest
53. Providing organisational support to facilitate community ownership
54. Keeping organisational costs affordable
55. Promoting performance-based leadership

Intelligent service system solutions

56. Identifying appropriate technical solutions
57. Promoting information and communication technology
58. Identifying appropriate institutional solutions
59. Providing more incentives, less control
60. Balancing demand and supply orientation of rural services

Acknowledging the role of traditional authorities

61. Recognising traditional authorities as stakeholders in promotion of RRD

THE ECOLOGICAL DIMENSION: MANAGING NATURAL RESOURCES IN A SUSTAINABLE MANNER

Technical aspects

62. Identifying appropriate NRM techniques: Farming Systems Development

Community-based management

63. Agreeing on rules, control mechanisms and sanctions: Community-based land use planning / land use management
64. Sharing benefits and responsibilities: Co-management

Service Systems

65. Providing necessary public services for NRM

Legal and economic framework

66. Contributing to an appropriate legal framework for land and natural resource use and tenure
67. Pricing for sustainable production: Make the beneficiaries pay for NRM
68. Designing subsidy systems for sustainable production
69. Certifying sustainable production and products

Multi-sectoral and regional perspective

70. Supporting options which limit the number of resource users

Economic Dimension: Food and Cash

A people-centred perspective – as opposed to a growth-centred one – puts the focus on **food and cash** rather than profit and exports. Rural people live from both what they produce and what they can sell.

Macro-economic reforms like deregulation and privatisation have brought rural populations not only **new opportunities** but also **new challenges**, risks and problems. New economic opportunities have indeed opened up for some rural households, especially in terms of trade. Still, many small-scale rural producers have had to cope with challenges like global competition, reduced demand for rural products and extreme price fluctuations. The advantages and disadvantages are not equally distributed. People in central locations with comparatively good infrastructure can take advantage of the new, liberalised markets; but people in remote areas and producers with fewer resources at hand have suffered income losses and been exposed to greater risk.

A **regional poverty alleviation strategy** designed for these circumstances must ensure that the poor and vulnerable majority, too, can seize new opportunities and cope with new risks and challenges. If they can, they will give new impetus to their region's economic development and be able to afford more social services.

Four essential elements of any **strategy** would be:

- *capacity-building* among rural people, to enable them to exploit market opportunities and tackle challenges
- identification or creation of new economic *opportunities*
- ensuring *fair access* to available opportunities, however limited these might be
- providing *systems to cover emergencies*, disasters, disease – circumstances people cannot cope with on their own

Capacity-building for coping with markets calls for adjustments in production and improving grassroots cooperation to cope with market dynamics. Production systems, technologies, research and extension must adapt to meet new supply, demand, and price conditions. Rural small-scale producers must also organise well enough to procure the working capital and storage and transport facilities to ride out seasonal price fluctuations and make up for site-specific price discrepancies. In this way, they can avoid the downward spiral of debt and dependency.

In most rural regions, poorer and better off producers compete for the same, limited resources and markets, so that the poor may be forced to sell to the better-off at low prices or to buy from them at high prices. To improve conditions for both groups and avert tensions between them, empowerment of the very poor should be accompanied by assistance to better-off or more advanced producers, so that they can exploit opportunities involving greater risk, such as venturing into external markets. Rather

than compete with the poor, they can thus open up **new income opportunities** for the entire region, including new employment for the poor.

Identifying or creating new income opportunities calls for

- regional economic analysis
- market promotion tools
- market intervention tools
- targeted economic promotion measures
- government programmes to generate local employment

Such efforts can make rural markets function despite their structural limitations.

Considering the limitations of efforts of creating new economic opportunities within given globalised markets in many regions, strategies aimed at ensuring **fair access** to given limited opportunities for the poorer strata are of crucial importance for poverty oriented interventions. State economic promotion tools such as loans and training can play a major role here.

In times of emergency or when infirmities such as illness or old age restrict the potential for self-help, capacity-building and new opportunities alone cannot enable people to achieve a decent standard of living. At such times, they need external support in the form of **cash or food**. Formal transfer systems often work well in urban areas for working-class people. But in rural regions, governments must design safety nets that do not discourage self-help or overturn traditional social security systems. Government assistance calls for a mixture of

- measures that buttress existing, traditional systems
- risk and disaster management tools
- fine-tuned and specifically targeted external transfers of cash and/or food

Socio-cultural Dimension: Interaction with People

Two arguments for regional rural development are that regional programmes can be:

- i) more finely attuned to local social and cultural conditions
- ii) negotiated better with local players

Decision-making in regional programmes can be either bottom-up or top-down. In either case, **knowing and interacting with stakeholders** is crucial to good regional and local governance. However, as regional governments and service providers deal with populations of several hundred thousands, they require a different mode of target-group orientation, gender planning and popular participation than local-level project planners do. Regional approaches must lend themselves to **regional institutionalisation**.

The interaction between regional governments and other regional service providers and residents must adhere to **four core principles**:

- *democratisation*, which is closely bound up with empowerment and meeting the needs of disadvantaged groups
- *partnership* between government and communities – between service providers and service users – that respects community or user ownership
- *joint knowledge generation*, which implies finding appropriate, target-group-oriented, site-specific solutions
- *reaching all of the poor* and providing services on a **gender equity** basis: that is, consciously interacting with marginalised groups and women

Target-group-oriented and gender-sensitive regional development and service systems must be pragmatic and consider the limited analytical capacity of decentralised service providers. Examples of guidelines are:

- **Targeting groups who require special attention** rather than dividing the entire population into target groups: *Inclusive support* – ensuring that all population groups participate and benefit – may be one target; but *exclusive support* – for specific groups who particularly need them – will also be needed.
- Exclusive support for the poorest of the poor, such as social services or food for work: This kind of support can be designed to attract only those who really need it; or local communities can identify beneficiaries themselves. In rural areas, such methods are usually more manageable than administrative selection procedures.
- Pragmatic **analysis** with the guiding principle of learning only what is strictly relevant about the target population: Rather than using the kind of systematic and comprehensive target group and gender analysis typical of project planning, this sort of analysis focuses on:
 - specific groups and issues such as women and transport, or access of the aged to health services
 - available data sorted by socio-economic group and gender instead of new surveys
 - available knowledge from resource persons and existing studies
 - ensuring that participation is broadly representative

Gender equity should be secured by mainstreaming gender within regional government programmes and service systems. This means seeing that

- all services and interventions involve a "gender check" to ensure that the needs and potential of both women and men are taken into account

- women and men participate on a representative basis
- women are represented and gender equity advocated within regional institutions
- rural women's and gender issues are drafted into policy and legislation

Public participation in regional decision-making needs to be **institutionalised** as part of democratic regional government. A broad spectrum of effective and manageable forms of public participation – opinion polls, hearings, surveys, representative structures, application procedures, channels for protest and complaint – must be considered. Public meetings and workshops may be appropriate for community-based planning, but they are too time-consuming and costly for regular interaction between decision-makers and the population. **Institutionalised participatory decision-making must be designed for a given context** and take into consideration

- existing, traditional forms of participation (and improving them)
- empowerment, ownership, appropriate solutions, inclusiveness and representativeness
- the amount of participation needed for different types of decisions, the roles various groups can assume and the contributions they can make

The amount and type of participation should conform to the given situation and fit stakeholder capacities and needs.

Political-institutional Dimension: Power and Capacity

Regional development in rural areas depends on functioning **service systems**. People in rural areas – and especially the poor – usually cannot draw on economic resources like markets, information and financing. Nor do the poor have reliable access to good social services – health care, education, water supply and electricity. In countries where state budgets have been cut, these services have further deteriorated, leaving, in the absence of non-governmental providers, a social services vacuum in rural regions. To fill this vacuum:

- regional and local **institutional capacities** must be built up or rechanneled
- the **political power** of the rural poor must be strengthened

Service providers are hardly equipped to reach most individuals in the rural population at all. The service users themselves must therefore make rural service systems work. The **gap must be closed from both sides**. Rural people may band together or take over, themselves, certain operational and maintenance tasks to ensure a steady supply of services.

There are no set routes to decentralisation, privatisation, civil society engagement and community ownership in rural regions. It may well be that entrepreneurship is too novel, the civil society too unstructured, the community not sufficiently organised and

decentralised players unprepared to assume responsibility. Institutional transformation from outside would be self-defeating, so the transition from a centralised state service monopoly to a pluralistic, decentralised system must come from within and take the existing institutional landscape into account. The challenge of redesigning rural service systems can only be met with **solutions designed for specific situations** – solutions that are *complementary* and consistently observe *subsidiarity* and *open competition* among service providers.

Institutional transformation will also impact government agencies, which will need to adopt new roles and forms of organisation.

Decentralisation of public administration is the key to regional development. It is the most effective way to provide rural people with more appropriate, effective and coordinated services, and to ensure that such services are participatory, transparent and accountable. If the decentralisation process is not consistently democratic or is not open to grassroots ownership, the risks may actually outweigh the benefits. Decentralisation should be part of a broader process of institutional reform and of orientating service systems to poverty reduction.

The **design of any decentralised system** includes:

- *power sharing*, with tasks, responsibilities and resources appropriately allocated (and not simply shifted in a body to the lowest level)
- *checks and balances* from both above and below (not full local government autonomy).

Political, fiscal and sectoral decentralisation must bound to the institutionalisation of public participation, with democratic procedures to guarantee accountability: only then can performance really improve.

Decentralisation is more than the mere insertion of a new, local layer of government staff within the existing civil service system: decentralisation means moving *existing* professional capacities closer to the people. Still, some specific **capacity-building** will also be required to make regional and local government systems work. Capacities must be expanded in fields like multi-sectoral decentralised planning, coordination, financial management, conflict resolution, facilitating public participation and management of service partnerships.

Decentralised democratic government must team up with **traditional leadership** to make optimal use of the abilities and authority of traditional leaders. Although conflict is to be assiduously avoided, no substantial compromises can be made on democracy, inclusiveness and accountability. Traditional authorities are to be viewed as important potential *stakeholders*, whose involvement should correspond to their status in a region or in regard to a given issue.

Greater **ownership by communities** or service users can make rural service systems sustainable but is in their eyes usually more of a burden or challenge than a privilege. It can only function if the power to demand and control services is

delegated as well. Control from above may fail by reason of too much bureaucracy, but control from below can only succeed if supported by behaviour-related incentives. Incentives are also the key to ensuring quality field staff services in rural areas.

Communities must be able to afford and manage their new responsibilities, though exceptions must be made for the poorest of the poor, so that they, too, can use basic social services. And communities and service beneficiaries cannot assume ownership or control without being organised to some extent. Organisational costs, however, must be kept to a minimum, so that stakeholders continue to be actively involved. Community ownership and control of services must be part and parcel of poverty- and client-oriented regional service systems.

In poor rural areas, the capacities of service providers and users combined often cannot bridge the service gap. **Innovative service systems solutions** must then be found to make the task easier – solutions that do not require all players to shoulder particularly difficult or burdensome tasks. Such “intelligent” solutions – whether *technical* or time-saving *institutional mechanisms* – are another way of accomplishing more with limited staff resources. *Incentives* usually involve less effort than supervision: they mobilise existing capacities rather than laboriously building up new ones. *Increased demand-orientation* can also ensure that capacities are not frittered away. The greater the number of intelligent labour- and cost-saving solutions, the more likely it is that existing capacities may suffice for a whole area and prove sustainable in the long run.

The Ecological Dimension: Managing Natural Resources in a Sustainable Manner

To promote sustainable livelihoods in rural areas, regional development must integrate sustainable **natural resource management** (NRM) as a cross-cutting theme. NRM can only succeed if natural resources users clearly stand to benefit and can be convinced by real alternatives to the exploitation of degraded natural resources. This means that NRM must become part of the regional and multi-sectoral promotion of alternative income sources.

A **multi-sectoral and regional approach** to sustainable natural resource management should:

- identify appropriate resource management *techniques*
- establish appropriate *organisational frameworks* for community-based planning and management (and control) of natural resources
- position *service systems* appropriate to NRM
- provide *incentives* for sustainable NRM through *legislation* and price systems favouring sustainable production methods
- provide alternative income opportunities in other sectors and/or regions to ease the pressure on endangered resources

In rural regions where most resources are consumed by smallholders, sustainable resource management should be approached through **farming** (or resource management) **systems development**. This participatory method uses site- and target-group-specific production methods that take both immediate needs and sustainability into account.

Community-based, participatory land use planning and management ensures that local people control the exploitation limits on both shared and individually owned resources. It employs jointly negotiated regulations to create a balance between user ownership and community control. A broad legal foundation backed by strong enforcement is ideal. But in the absence of these, a pragmatic, step-by-step approach to particular problem zones can at least make some progress toward more sustainable resource use. In the case of protected areas, **co-management of resources** by communities and (usually) state conservation agencies can help harmonise resource exploitation with resource protection.

Even with increased community ownership of natural resources, sustainable management remains a state responsibility, calling for **public services and support systems**. There may at first be no real demand for such services, as people are usually not aware that the environment is at risk. And in many poor countries, governments cannot afford to offer these services in any case. Temporary donor-supported regional action programmes can fill the gap and help institute community-based management systems and technical changes until the public services system gains the financial and technical capacity to implement environmental protection in cooperation with user groups.

Only **incentive systems** can spur resource users to opt for sustainable production systems, which are usually more costly. Users must be convinced of the benefits to be gleaned from investing in the environment. Interventions in two main RRD areas foster rewards for sustainable resource management:

- **Land tenure legislation** must provide enough security for users to invest in long-term improvements, while at the same time ensuring broad access to land and other resources. Rural representatives actively involved in legislation processes can ensure that local tenure systems and dynamics are adequately taken into account.
- The **price system** must guarantee higher incomes for sustainable resource utilisation. Beneficiaries are consumers of environmentally friendly products, downstream settlers whose environment is improved, and in the long term the public, too, even though they will have to finance smallholder compensation and subsidies and pay higher prices for certified eco-products.

When high population density is combined with degraded natural resources, NRM must be integrated into other interventions to **reduce the population pressure on existing resources**. Such measures include family planning and providing alternative sources of income in other regions or sectors.

The Role of Development Cooperation

Development Cooperation is a temporary intervention to improve performance of a country's core systems – institutions, markets, natural resource management – by building up human and institutional problem-solving capacity. It can provide assistance with:

- *concept development*, i.e., identifying appropriate solutions
- *capacity development*, i.e., enabling people and institutions to implement solutions
- *financial support* for regional investment in viable solutions

In the context of globalisation, Development Cooperation is closely tied to **transformation management**. Most less- and least-developed countries – including their rural regions – are having to undergo a fundamental transformation to ensure their populations at least basic sustainable livelihoods. Development Cooperation can facilitate this transformation by promoting the capacities needed to bring it about.

Regional Rural Development can assist Development Cooperation generally by:

- supporting *localised concepts* that reflect specific local conditions
- strengthening the *regional and local institutional capacities* and networks that are pivotal to a decentralised and people-centred system
- bridging the financial gap when appropriate solutions require investment beyond what is locally affordable but which promises to ensure a sustainable impact.

Since national policy impacts regional rural development, RRD support programmes may involve policy advising on rural development, decentralisation and land tenure at the national level.

Appropriate concepts and solutions are usually not transferable from one region to another but must be developed or adjusted locally to conform to on-site conditions. Local and regional players often require some external support to find appropriate solutions – especially in rural regions with limited institutional capacity or undergoing periods of rapid change in the economic, institutional, demographic and ecological environment. Under such conditions, a *combination of local and external know-how* often best produces replicable and sustainable solutions for a specific regional context. The same applies to technical and institutional solutions. The development of concepts replicable for an entire region calls for pilot projects implemented under realistic and representative conditions and for sound dissemination strategies.

Institutional capacities are usually limited in the rural regions of less and least developed countries. **Capacity-building** in such areas should be focussed and realistic (basic). Three aspects of capacity-building merit special attention:

- promoting the abilities needed for the specific concepts and solutions selected
- increasing general problem-solving skills for new problems as they arise
- improving the capacities of regional players to network, so that they can cope with a diversity of institutional forms and constellations

Semi-autonomous task teams with close links to regional government power centres are usually the most appropriate institutional form for technical cooperation within RRD. If they are to be creative, develop innovative concepts and interact with a wide range of partners inside and outside of government, such units need room to manoeuvre. All the same, they must be strictly answerable to their managing superiors in regard to agreed objectives. Nor should they be allowed to work in isolation but should consult with and facilitate concept development together with all relevant stakeholders.

Coping with the challenges of rural development in a rapidly changing environment calls for regional centres similar to the “research & development units” or “think tanks” of large private enterprises. Technical cooperation can help poor rural regions gain the capacity to meet the challenges of dramatic transformation by drawing on both local and external experts.

Part 1

“Regional Rural Development”: Rationale and Concept

I. The Problem: Persisting Rural Mass Poverty

The situation of the rural poor has hardly improved during the last few decades, and their number has not decreased. Even in countries with a positive macro-economic trend, the majority of the rural population did not benefit from economic dynamics, which often did not create mass employment and purchasing power for rural commodities. The macro-economic reforms of the 1990s have resulted in contradicting trends in most rural regions: they offered new, but limited, market opportunities by deregulation and privatisation. At the same time, the accessibility of most rural services, such as economic services for small-scale farmers or entrepreneurs, as well as social services, such as basic health and education, deteriorated due to reduced public spending.

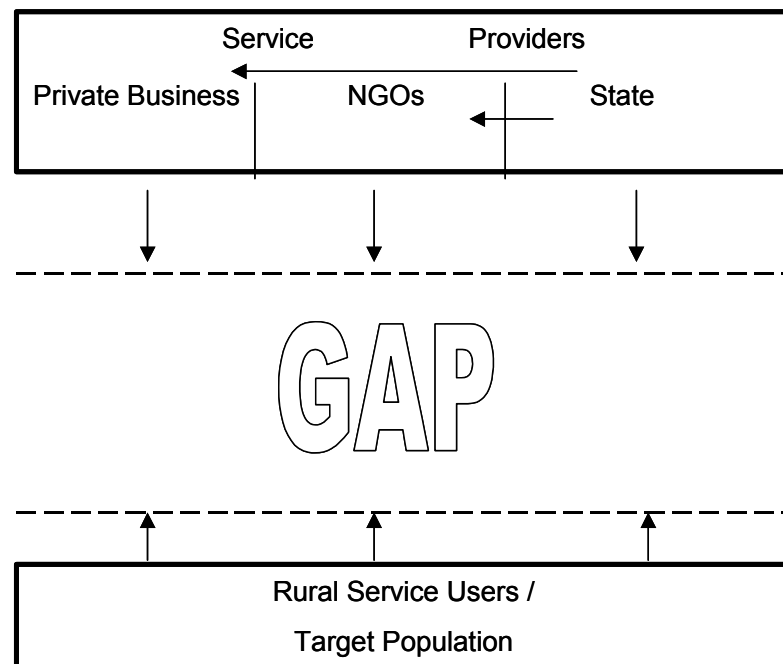
As a result, the economic situation of the majority of the rural population in less and least developed countries is still characterised by a high degree of vulnerability. They have no stable source of income, and no reliable access to food and clean drinking water. The health and educational services available to them are of very low standard or not affordable to the poorer sections. Opportunities to secure a decent livelihood through employment or self-employment and market production are either non-existent, or they are insufficient and unstable. Subsistence production remains a necessity for most rural households, but its level is insufficient to satisfy consumption. Thus, most rural families still try to make their living from a diversified range of activities in which all members are somehow involved. In many areas, rural people depend on diminishing and over-utilised natural resources without having the necessary means and incentives to avoid their degradation.

The *causal factors* for rural mass poverty are manifold and differ from country to country. Nevertheless, there are certain common features of rural poverty and vulnerability:

- *Limited opportunities*: The dynamics of global markets do not offer sufficient expansion rates for job opportunities to absorb the majority of the world population in formal labour markets and to create sufficient mass purchasing power for establishing a dynamic demand for rural commodities.
- *Inappropriate assets and capabilities*: Despite a diversified range of knowledge and coping strategies among the rural population, the capacities to take advantage of limited new opportunities and to cope with new challenges are not equally distributed. Some opportunities remain under-utilised. Many people tend to become losers in the new rural dynamics.

- *Institutional deficiencies:* For most people in rural areas, access to services, information and markets has become a fundamental requirement for securing a decent livelihood. This applies to economic services, such as agricultural knowledge and credit, as well as to social services such as basic health care and education. Due to deficiencies in public and private service systems, such services are not accessible to the majority of rural people (see fig 1). This affects their capabilities to make effective use of their resources, to manage their natural resources in a sustainable manner and to cope successfully with the various challenges.
- *Unbalanced power structures:* The majority of the rural poor has neither the purchasing power nor the political power to articulate their needs, to gain access to the private and public service systems or to succeed in the struggle for limited resources and opportunities. They often find it difficult to bear the organisational costs associated with empowerment. This applies especially to women. This situation is often further aggravated by political conflicts which escalate into violence and war, leading to immense economic, social and political costs.

Fig. 1: The gap between the rural poor and the service system



II. Changing Frame Conditions in the 1990s

In most countries, macro-level frame conditions for rural development have changed dramatically during the 1990s. Former state-controlled economies characterised by:

- centralised and highly bureaucratic government systems;
- incentive systems which were designed in favour of urban consumers and were detrimental to rural producers; and
- highly selective, subsidy-based and often inappropriate agricultural service systems and production programmes,

have mostly disappeared.

Markets and external trade have been deregulated, state enterprises and other responsibilities of the state are in the process of being privatised, subsidies have been abolished, and budget deficits have been reduced by cutting expenditures, by asking people to pay for services, and by improving tax collection. In many countries one-party or military governments have been replaced by multi-party systems. Civil society organisations sometimes have a stronger voice and decentralisation of government functions is progressing, albeit slowly. Nevertheless, the past decade has also seen increased political destabilisation, internal conflicts, civil wars and states falling apart (the so-called 'failed states'), leading to new and very serious challenges for crisis prevention, conflict management and peaceful development in most countries of Africa and a number of other countries around the globe.

There is ample experience with the consequences of the "new frame conditions", though there is an on-going debate about which of the new problems are a result of the reforms as such, and which have to be attributed to the crisis of transition: a situation, where the old system is dying while the new system has not yet been born. Whatever the answer to this question turns out to be, the new challenges are similar in most of the less and least developed countries:

- Globalisation, accompanied and facilitated by *deregulation*, resulted in new opportunities, but also in new challenges, risks and burdens for the rural population. While a number of informal rural businesses became attractive after withdrawal of state control, demand for rural products is constrained by high unemployment rates, limited mass purchasing power, and the flooding of local markets with imported commodities. Rural people find it difficult to cope with the market mechanisms and the related seasonal and local price differences.
- The intended *transformation of the state* created new arenas for pluralistic debates and helped a more diversified range of actors to emerge on the scene. In most rural areas, however, the transformation process got stuck in a situation of reduced service systems or in one where there was an absence of public services. Nobody was prepared to take over the functions of the central state. Instead of the decentralisation and privatisation of responsibilities, there is often a vacuum still waiting to be filled by new actors. In cases where political and social conflicts

escalated into violence and sometimes war, serious challenges evolved, including the care for refugees and internally displaced persons, reconstruction of destroyed ecological potential (as in the case of landmines), demobilisation and economic alternatives, and others.

- In order to get away from the old project approach towards rural development, many governments, in line with a reallocation of donor funds, shifted to *nation-wide sector programmes* rather than allocating resources to regional programmes. Meanwhile, the consequences of this sectoralisation of rural development are known and strategic conclusions can be drawn.
- There is one dramatic new problem affecting the rural areas in many African, but increasingly also in Asian and South American countries: The *HIV/AIDS* epidemic has spread rapidly in rural areas and is affecting rural livelihoods and rural organisations in a disastrous manner through rising mortality and dependency rates. This means a major additional burden for local social security systems, which are already highly challenged.

New challenges and new opportunities are not spread equally among rural regions and among different sections of the rural population. As a result, growing regional and social differentiations can be observed between and within rural regions. RRD strategies have to be adjusted to these frame conditions in such a way that rural people, and in particular those who are negatively affected, are enabled to cope with the new challenges and make better use of the new opportunities. Moreover, RRD may need to influence the on-going macro-level transformation processes in order to help to get the frame conditions right for sustainable rural livelihoods. In this process, new lessons can be learnt from different fields of experience including (i) new, more realistic decentralisation support strategies, (ii) proceeding from participatory grass-root level work to institutionalised systems of participatory governance, (iii) better tools for a gender differentiated approach towards development, (iv) new community-based forms of natural resource management, and (v) strengthening the regional level to unlock local potentials.

In addition, there are several **areas of conceptual rethinking**, which seem to be of practical relevance:

- *Frame conditions to become negotiable variables* as part of a system of inter-governmental relations within and between countries. Within decentralised and co-operative governance, regional and local level actors do not necessarily have to accept national policy guidelines as something predetermined and out of their sphere of influence. Issues like a national rural development policy or decentralisation policy tend to become matters for a nation-wide debate at all levels. As a consequence, RRD concepts have to include strategies and instruments to influence relevant national frame conditions, i.e. policies and legislation. Prominent examples are land use legislation and legislation on gender specific rights. They affect RRD and they have to be informed by experiences from RRD. The same may apply to negotiations on international frame conditions.

- “*Poverty Reduction Strategy Papers*” (PRSP) have become a mechanism for “Highly Indebted Poor Countries” (HIPC) to be eligible for debt relief. Accordingly, the PRSP process, in which a wide range of government and civil society organisations are to become involved, will become a major forum for discussions on a pro-poor rural development approach. RRD will have to become involved in this process to inform the strategy paper from a rural development perspective and to make sure that PRSP becomes a supportive and enabling force for programmes to alleviate rural poverty.
- *From support philosophy towards service systems philosophy*: This trend results from a new perception of public services. While public sector interventions in the past followed an approach of responding to an identified (or sometimes just perceived) need, they should now follow an articulated demand. This implies a shift from paternalistic, welfare-oriented, policy-driven approaches, to more market-oriented approaches. It reflects a shift from regarding people as target groups or beneficiaries, towards dealing with them as clients. While such a paradigm shift has obvious advantages in terms of avoiding inappropriate and undesired interventions, it also has certain limitations for some public services (as in the field of environmental or nutritional issues or in education), and for those groups of people who are neither in a position to articulate their demand at the marketplace (due to a lack of purchasing power), nor within the political arena (due to a lack of political power). Such limitations have to be addressed by empowering the poorer strata to express their demands.

These new trends provide new opportunities for a more effective approach towards promoting rural development and for addressing poverty.

III. Regional Rural Development

1. Concept and objectives

RRD is a concept to guide the design and implementation of interventions towards rural development at the regional level. It addresses planners and implementers of rural development programmes, in particular decision-makers in decentralised governments, and staff in rural development organisations. Although RRD is designed with particular focus on the situation in *developing countries and those undergoing transformation*, and for rural regions characterised by the predominance of small holder peasant agriculture and livelihood-oriented economies, many of its strategic guidelines and tools are equally relevant for rural regions in industrialised countries. It is a **rural, regional and people-centred response to the persistence of rural mass poverty**.

The overall **objective** of RRD can be defined as “*a lasting improvement (or at least a stabilisation) of the living conditions of the population in a rural region taking the poorer population groups into special consideration.*” In order to be lasting, the improvement of living conditions must be based on economically viable, ecologically

sustainable, socially and culturally appropriate, self-determined, and institutionally feasible means of resource utilisation.

RRD is oriented towards the normative principles of poverty orientation, sustainability, participation, subsidiarity, target group and gender differentiation.

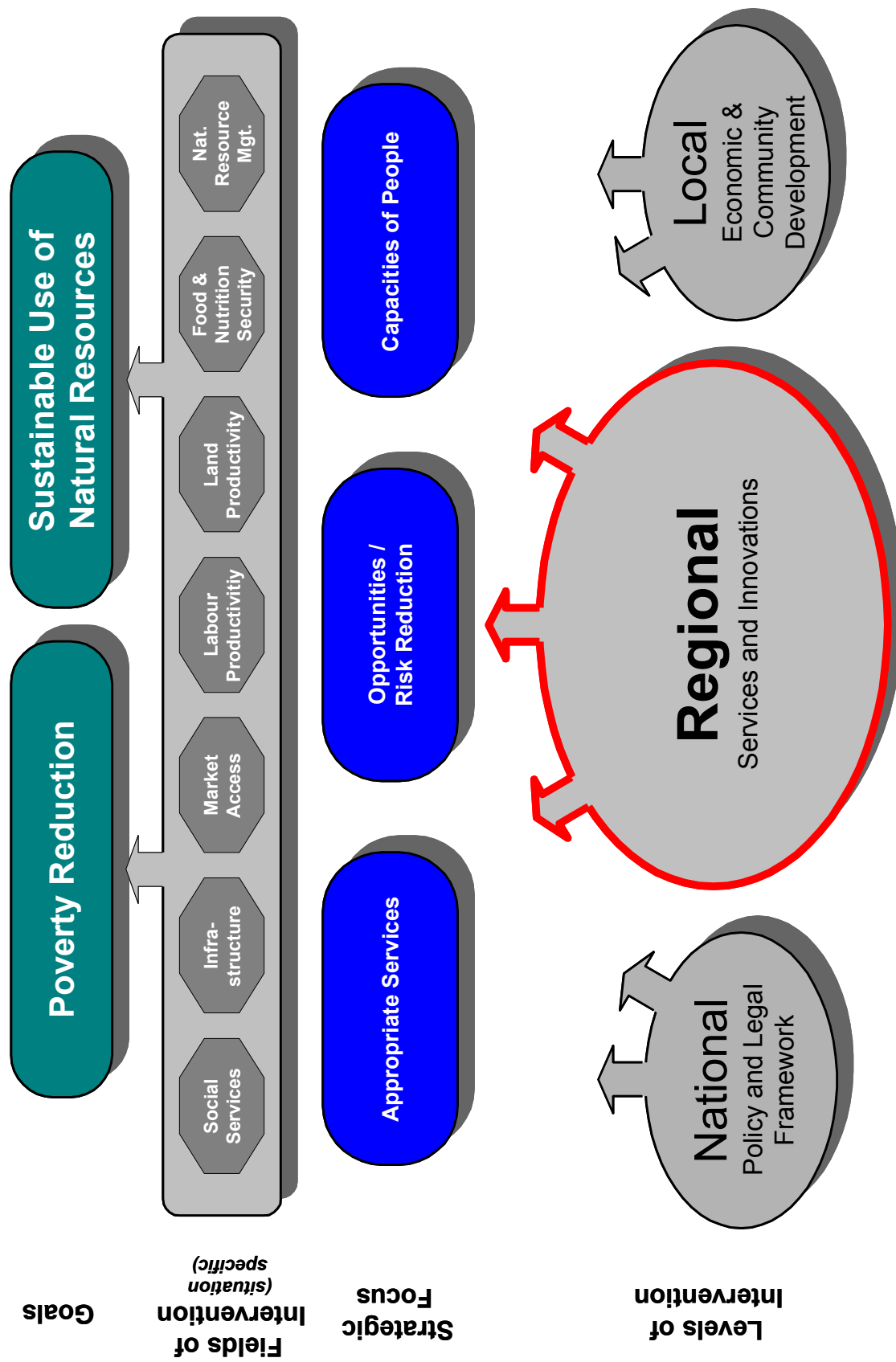
The RRD **concept** starts from three angles:

1. Providing better *opportunities* (and reducing risks) by promoting technical innovations and institutional and market development.
2. Providing more *appropriate services* by institutional reforms at regional level.
3. *Capacitating people*, especially disadvantaged groups, to make better use of such opportunities.

These efforts should be related to various focal areas according to requirement. Thus, RRD does not suggest a predetermined focus on the one or the other dimension of development, such as social services versus increasing productivity, or subsistence production versus market-oriented production. Rather, it follows a people-centred and livelihood-oriented approach, in which the focal areas will have to be decided upon for each region according to its specific circumstances.

Despite focusing on the *region* as the **level of intervention**, RRD also has to get involved in designing *local* level interventions (such as farming systems development and community-level organisational development), and *national* level interventions which affect the frame conditions for rural development (e.g. decentralisation policy or land legislation) (see also fig 2).

Fig. 2: RRD Concept



2. The rationale of a regional, a rural and a people-centred approach

Why Regional?

Regional refers to geographical areas within a nation state which are bigger than a town or village, and which have something in common with regard to their natural and socio-cultural characteristics and/or their close economic or social inter-linkages. In some regions, a sense of common regional identity and vision exists as a local force, able to mobilise regional resources and attract external resources in the context of global competition (“regionalisation”). Regional approaches are to be seen as complements to sectoral and technical approaches on the one hand and to local approaches on the other hand. They give attention to the way in which different activities and investments are located in geographical space, the way they complement one another or compete with each other.

Regional development approaches cannot be successful unless the macro frame conditions provide the right type of incentives and unless sound sector policies are in place. But: unless appropriate institutional arrangements or service systems are designed through regional programmes, most people, and especially the poorer sections, will find it difficult to make strategic use of the incentives and of the greater room for manoeuvre created by improved macro policy frame conditions. Unless mechanisms for vertical and horizontal co-ordination are in place at regional level, sector programmes may fail to reach the people on the ground. Regional approaches of governance and development planning are, therefore, a necessary complementary component to a system of good governance, especially in rural areas.

Regional approaches are necessary:

- to ensure appropriate solutions with regard to the natural and the socio-cultural environment;
- to establish target group specific accessible support and service systems as an enabling institutional environment for successful coping strategies and a broad-based use of new opportunities;
- to link national (sector) programmes with local needs and initiatives or to create a forum where sectors and subjects meet with people and places;
- to provide sufficient flexibility to ensure effective participation in the design and implementation of government programmes;
- to provide a forum where regional or local societies can interrelate with government in countries where regionalised or localised society structures play a strong role;
- to ensure that programmes are designed with due consideration of the wider spatial context of market systems, service systems and ecological systems and take account of comparative local advantages, of economics of scale, replicability, and of synergy effects, and are not simply an addition to local action plans.

In short, regional approaches to development planning and public management are a crucial *tool for decentralised government*, especially in rural areas.

Why Rural?

While rural areas may not necessarily form the driving force for economic growth in countries in which the purchasing power for agricultural products is stagnant and in which the national resources are already over-utilised, they still have a key role to play¹:

- Rural areas form the *basis for the livelihood* for a significant share of the population in rural and urban areas, especially for those who have no opportunity to become part of the formal economy on a sustainable basis.
- Rural areas form the *basis for food* and nutrition. A high degree of household-level food security is an important factor in avoiding starvation and malnutrition in societies. Access to food through markets or redistributive mechanisms is highly insecure for people in rural areas, especially for those who already lack purchasing power.
- Rural areas form the basis for a wide range of *environmental resources*, such as water, air, biodiversity, bio-energy and tourist attractions. The maintenance of these resources is not only of crucial importance to sustainable rural livelihoods but to sustainable development at a national and global scale as well.
- In a number of countries, rural areas form the resource potential for earning or saving *foreign exchange*.
- Rural resources are a major asset for people's strategies to secure a sustainable livelihood in an economic environment in which well-paid and stable employment or income opportunities are rare. While rural resources on their own may not be sufficient or not reliable enough to guarantee a family's living, alternative rural income sources (in cash or kind) are an indispensable component of most families' diversified systems of survival. People depend on rural livelihood systems, especially during certain periods of their life cycles (e.g. childhood, old age).

In order to maintain their capacity for contributing to sustainable livelihoods of an increasing population, *rural areas have to change*. Possible failure of rural development in a situation of changing requirements would mean crises: social crisis, impoverishment, food crisis, or environmental crisis.

¹ Rural areas are usually characterised by predominance of natural resource based economic activities. But it would be misleading to equalise rural and agricultural. In any rural area, non-agricultural income sources have become more important than those from farming.

Why People-centred?

A people-centred approach designs measures in relation to the needs, problems and potentials of specific population groups. This contrasts with product-oriented, growth-oriented or technology-centred approaches. Strategic reasons for a people-centred approach are:

- In the context of global competition, growth is *not sufficiently labour intensive* to benefit the majority, and the overall global growth potential is most likely not sufficient to compensate for a limited employment effect on a broader scale and within the foreseeable future.
- Growth-centred strategies tend to be *selective* in favour of people with good resource potential. They wrongly assume a trickle down or spread effect of its benefits to people with fewer assets. The latter tend to end up as losers in situations with limited opportunities.
- *Redistribution* as a means of securing acceptable stable living conditions for the poorer strata does not function in a situation of mass poverty. Where the poorer and vulnerable sections are in the majority, they must be given an opportunity to secure their livelihood by their own efforts, and thereby contribute to economic growth.
- Growth-centred strategies tend to work in systems where the degree to which people are benefiting and contributing is mainly determined by the labour market. There, interventions targeted towards potential entrepreneurs and investors can be expected to indirectly benefit an anonymous labour force. In systems where most people are self-employed, making use of their own local resources, their benefits and contributions are mainly determined by the “people-centredness” of support or service systems.

In short, where poverty is a mass phenomenon, where opportunities are limited, where growth tends to be socially selective in favour of a better endowed minority, and where people’s livelihood is strongly based on self-employment and subsistence-related activities, a people-centred approach to rural development is the best complement to a pro-poor macro-level framework.

3. Guiding Principles

RRD is in line with the following general principles of development:

Poverty Orientation

RRD is not an approach for specific strata of the population only, but an inclusive approach for all people in a region. However, RRD programmes must have a poverty focus, whenever the living conditions of the population at large do not meet the basic needs in the local context. The poverty orientation of a regional development programme can be described as follows:

- (1) Identify problem solutions and related programmes which address typical constraints of people who:
 - *lack permanent access* to goods and services which are regarded as basic in the local context;
 - are *vulnerable*, i.e. are facing a high risk of losing their ability to satisfy these basic needs;
 - are affected by *impoverishment*, i.e. tend towards losing their ability to obtain access to basic goods and services.
- (2) *Avoid negative impacts* of other programmes and interventions on basic needs satisfaction and vulnerability.

Depending on the actual local poverty and vulnerability context, poverty-oriented regional programmes may deal with a combination of the following:

- access to resources, services and markets for generating income and for ensuring food security;
- labour intensive public works and economic promotion measures;
- access to basic social services for all;
- strengthening social security nets; and
- pro-poor mechanisms of public participation.

While the challenge of poverty reduction programmes is to address the various root-causes of poverty, the situation of the poorest, who usually have no (or very limited) self-help capacity, requires special attention. The situation of the poorest sections, however, can only be improved on a sustainable basis if the majority of the poor is given an opportunity to satisfy their basic needs and to produce something which can be redistributed. Their situation can usually only be improved in a sustainable manner if the problem of mass poverty can be reduced and if those who can be enabled to satisfy their basic needs on their own, are given an opportunity to do so. Sustainable safety nets for the poorest depend on the majority's capacity to produce something which can be redistributed.

Sustainability

In the context of RRD, the principle of sustainability relates to two different, but interrelated aspects:

- (1) *Sustainable development*: The programmes should be aimed at development that carries on, in line with the principle that current generations should meet their needs without compromising the ability of future generations to meet their own needs.

- (2) *Sustainable impact of programmes*: Positive impacts of regional development programmes should persist. The specific activities, investments, resource utilisation patterns, technical innovations or institutions, should not necessarily remain. All of them are subject to change. But the ultimate benefits for the people, the improved living conditions and a reduced degree of vulnerability should remain.

Sustainable development, and sustainability of the benefits thereof, have a range of different prerequisites:

- the long-term maintenance of the natural resource basis (*ecological* dimension);
- the viability of economic activities (*economic* dimension);
- the willingness and capability of people and their organisations to assume ownership (*social* dimension); and
- the feasibility of the tasks for the institutional system and the capability of that system to cope with changing requirements (*institutional* dimension).

Participation

Public participation in the way regional development programmes are designed, implemented and evaluated is part and parcel of a democratic system of governance. It is defined as “*a process, which enables all residents to formulate their interests, proposals and objectives on issues of their concern, directly or through their legitimate representatives, and to translate them by consultation and dialogue into decisions and actions in agreement with all concerned.*”

In a wider sense, public participation also includes people’s or communities’ *degree of autonomy* of decision-making and action. As the degree, type and style of democracy differs from country to country, the ways and means of public participation may differ. The decision on appropriate ways and means is an issue of public debate in each society. Consequently, there is not *one* way of participation.

While public participation is a democratic principle on its own, it serves a range of other purposes:

- Public participation helps arrive at more appropriate programmes by considering people’s needs and experiences.
- It helps strengthen people’s, users’ and communities’ ownership of programmes, facilities or services.
- It is a crucial means of enhancing the empowerment of people, especially if it ensures that disadvantaged social groups get the chance to articulate their interests.

These benefits must be balanced against the costs of participation (in terms of time and resources), in order to design appropriate participatory systems of governance. Such systems must be institutionalised and procedures that define the right of every resident to be involved in the planning and implementation process must be established.

Subsidiarity

Subsidiarity refers to the differentiation and distinction between that which is a government's responsibility (differentiated by levels of government), a community's responsibility, and that which remains the responsibility of individuals or families. It also addresses the role of the private business sector. The principle of subsidiarity suggests that "*Whatever can be done better, or equally good, at a lower level, should be done by the lower level.*"

Consequently, not everything should be done at the lower level and not everything should be the self-responsibility of the people, but only that which cannot be done better at a higher level. The principle of subsidiarity assumes joint and shared responsibilities. It acknowledges that there are government responsibilities and people's responsibilities. From that perspective, self-help is not an independent principle, but one possible way of allocating responsibilities where tasks can be more effectively accomplished by the people themselves. The application of the principle of subsidiarity can help keep programmes in line with the other principles:

- it can help to *reach the poorer sections* by identifying appropriate ways in which they can contribute towards getting access to the service systems;
- it can contribute to a *more sustainable impact* of programmes by identifying appropriate fields and mechanisms for community ownership, thereby improving maintenance and operation of facilities; and
- it is (mutually) inter-linked with *public participation*: While participation in decision-making tends to strengthen preparedness and capability to take over responsibility, assuming actual ownership reinforces the capacity, legitimacy and the willingness to participate in decision-making processes.

Allocating responsibilities in line with the principle of subsidiarity minimises the costs and maximises the effectiveness of service systems. It helps avoid overburdening certain actors and to make best use of available capacities.

Target Group and Gender Differentiation

Target group orientation means support measures or service systems are designed in a way which takes the different needs, problems, potentials and activities of people into account. This does not necessarily mean that access to certain type of support is restricted to certain groups of people. *Gender orientation* is one specific dimension of target group orientation, which says that target group differentiation should not stop at household-level as smallest units, but should also differentiate between women and men, and between age groups, according to the principle of equality of rights. As

a consequence the needs and potentials of different categories of women, as well as problems related to the gender-relationship, shall be addressed equally as those of men, and they are to be addressed in context rather than in isolation (as is the case for separate women-oriented programmes).

Both target group and gender orientation have implications for the institutional system. Representation of all target groups and gender categories in relevant organisations has to be ensured. Target group and gender differentiation are methodological prerequisites for addressing the needs of disadvantaged target groups and, thus, for reaching the poor.

4. RRD and other Approaches to Rural Development

RRD is an approach for co-ordinating various types of interventions, but it cannot replace other approaches which promote rural development.

- *Sectoral approaches* towards rural development are necessary to arrive at professionally and technically sound problem solutions and to ensure a certain degree of uniformity of service standards across regions. They have to be mutually interrelated with the specific local situations at a regional level through the RRD process in order to be transformed into appropriate, co-ordinated, and accepted interventions at local level.
- *Farming systems oriented extension approaches* are multi-dimensional and target group oriented, and aim to arrive at innovative solutions to problems in specific fields at micro-level. Such approaches have to be part of RRD programmes. Moreover, the solutions identified by farming systems approaches can inform the contents of an RRD programme.
- *Natural resource management* is a necessary dimension of each RRD programme, as any sustainable improvement of living conditions has to be based on sustainable ways of utilising natural resources. On the other hand, natural resource management activities have to be embedded into the context of regional and multi-sectoral programmes to be successful, as mere technical and local measures are not sufficient to stop resource degradation processes and to resolve resource utilisation conflicts in areas with over-utilised resources.
- *Food and nutrition security* is a particular challenge to some population groups in most rural regions of less and least developed countries. Consequently, measures related to food and nutrition security are a necessary component of each RRD programme. On the other hand, food and nutrition insecurity cannot be tackled in isolation from specific food and nutrition related tools. Access of vulnerable groups to food and nutrition is closely related to production systems, market systems, public works programmes, social security systems etc.. Instead, it requires a regional and multi-sectoral approach and thus has to be part of RRD programmes.
- *The “Rural Livelihood Approach”* is a poverty and sustainability oriented, holistic, people-centred and multi-sectoral approach towards rural development, similar to the regional rural development concept. However, its focus is more on the micro-

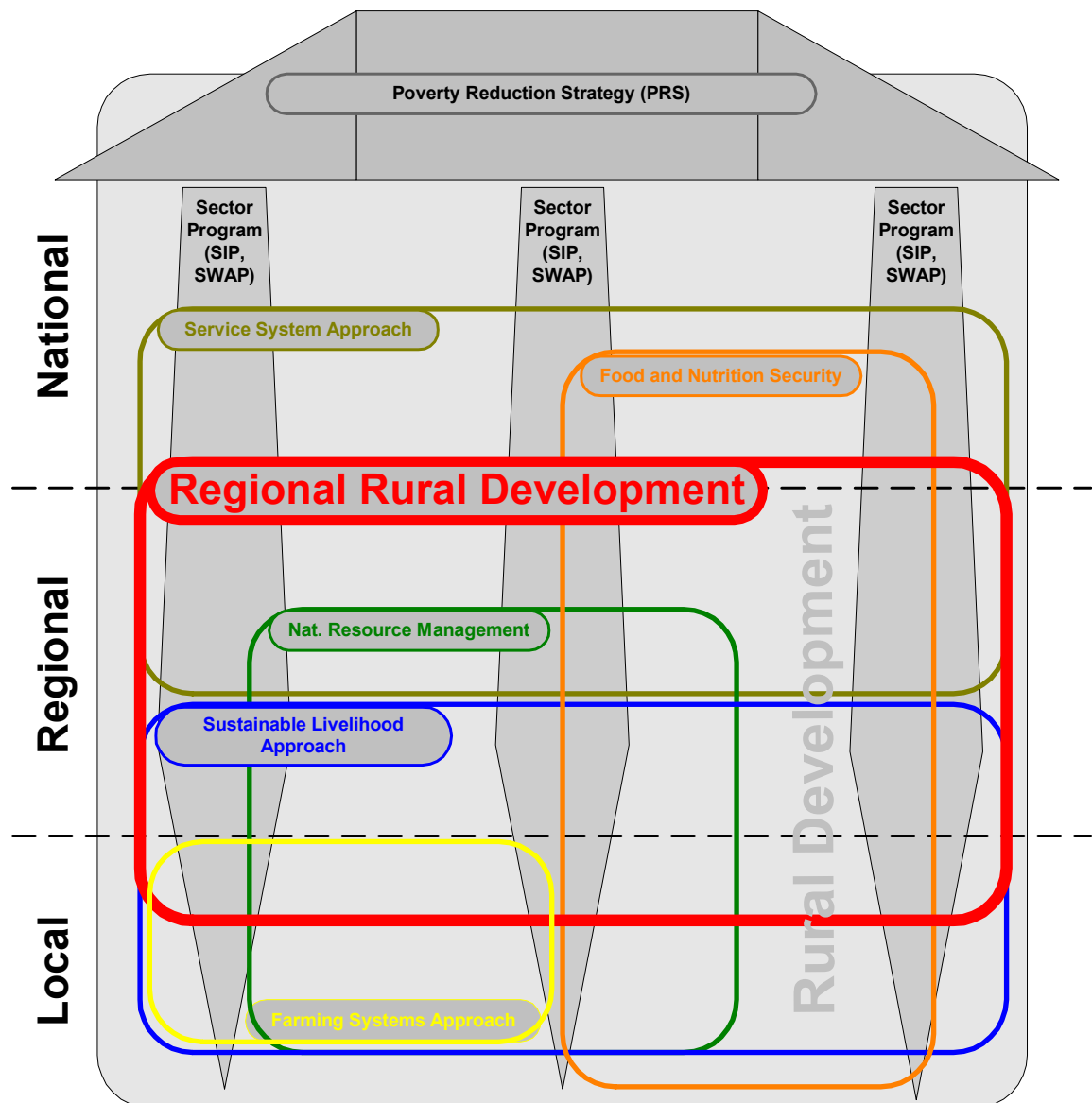
level; the household and the family, while the focus of RRD is more on the regional and institutional level. Both approaches do not contradict each other. There are a number of overlaps. Thus, they can learn from each other's strengths. Wherever they are applied in the same region, they should merge.

- *The "Rural Service Systems Approach"* focuses on one crucial aspect of regional and rural development, which is the establishment of functioning service systems. Its starting point is the logic of service systems, rather than the people. The design of accessible and appropriate service systems is one component of any RRD programme. On the other hand, appropriate service systems can only be designed in the context of the existing livelihood and resource management systems, of specific technical solutions and of political empowerment processes. Service systems approaches should become a necessary component of RRD. Their relevance, however, goes well beyond RRD.

RRD is not synonymous with rural development as such. Rural development is a wider concept, which includes regional rural development programmes, national sector approaches, as well as local level approaches (see fig 3). RRD provides a frame for designing rural development programmes, complemented by efforts like national sector programmes, and local systems approaches, and incorporating these in a co-ordinated regional programme. Moreover, the RRD concept provides a relevant set of guidelines for development interventions in a region.

RRD can be seen as a concept to support sustainable rural livelihoods through a regional perspective. It considers nutrition and natural resource management aspects, develops appropriate service and innovation systems and links with local, national and sector considerations.

Fig. 3: RRD in Context



Part 2 Strategy Components

Guidelines for the different *strategy components* translate the RRD concept into a situation-specific framework. They are to be used according to their relevance and applicability in the specific local context. They are addressed to those in charge of planning and implementing regional rural development programmes, but are not blueprint strategies for local organisations or local people. Rather, they are meant to assist and provide guidance where necessary.

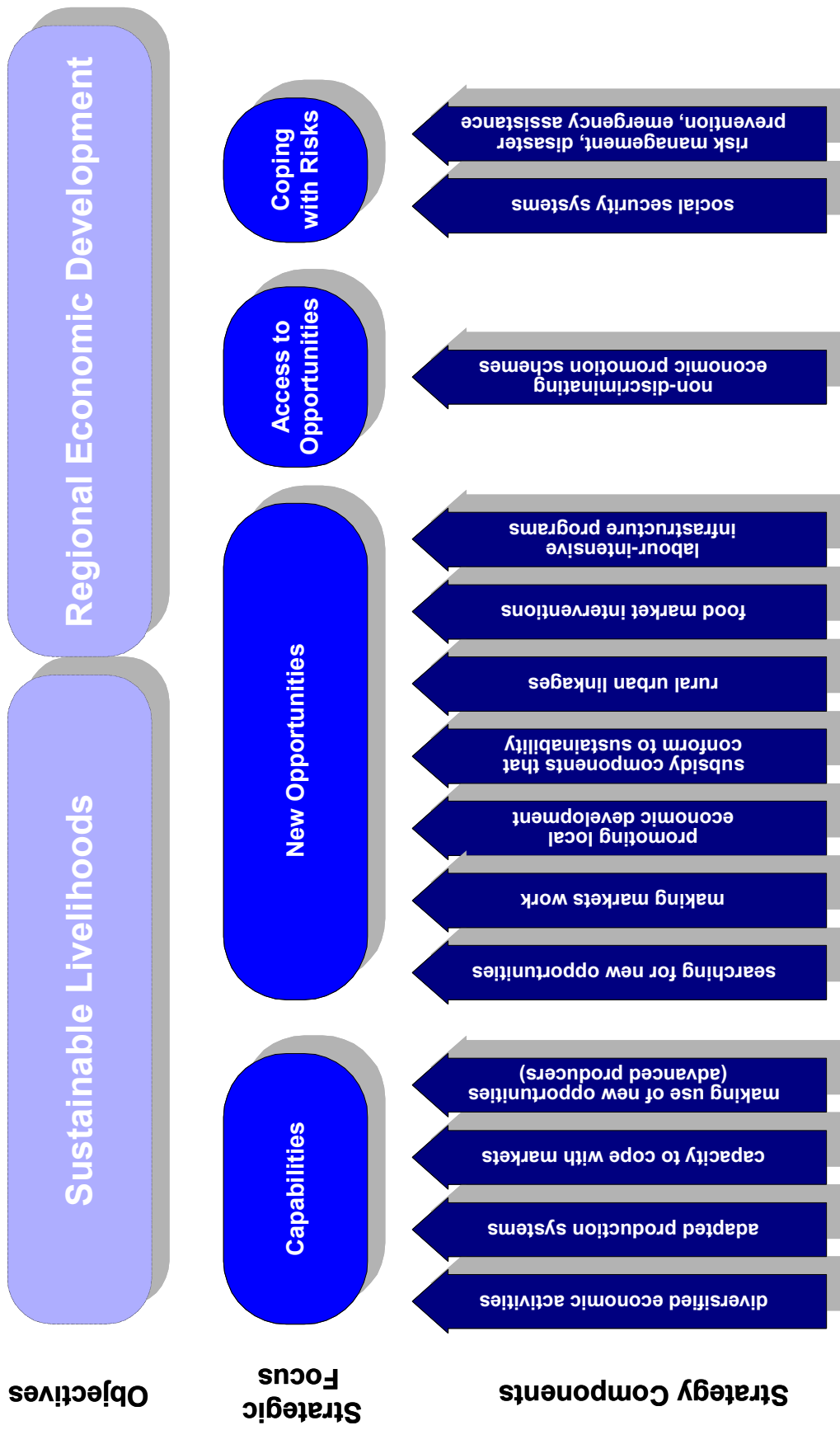
I. The Economic Dimension: Food and Cash

The increased openness of markets in combination with deregulation and privatisation resulted in new opportunities, but also in new challenges, risks and problems for the rural population. For some of the rural producers new economic opportunities were opened up. At the same time, many rural small-scale producers had to cope with new challenges, e.g. increasing world market competition, reduced demand for agricultural products and extreme price fluctuations.

In line with the poverty-oriented objectives of RRD, the **economic strategy components** focus on enabling the poor or the vulnerable majority to make use of new and existing opportunities and to cope with challenges and risks. It is primarily a livelihood oriented economic promotion strategy, with components that are equally relevant for food and nutrition security, farm income and non-farm income sources. More stable and sustainable livelihoods for the majority and their ability to use opportunities and avoid crises are crucial as a basis for economic development in a region. This requires different strategic focuses (see also fig 4):

- A. Strengthening the **capabilities of the poor** to cope with the prevailing and changing economic conditions (see strategy components 1 to 3) as well as the **capabilities of better resourced** rural households to make use of opportunities that require more resources, more skills and an attitude of greater risk-taking (strategy component 4).
- B. Creating **new opportunities** through, among others, regional economic analysis, market development and market interventions, targeted economic promotion and employment generation (strategy components 5 to 11).
- C. Ensuring that the poor can **access** available opportunities (strategy component 12).
- D. Ensuring that adequate systems are in place to assist people who are dependent on **transfers** (strategy components 13 to 14).

Fig. 4: The Economic Dimension



A. Strengthening capabilities to cope with markets

1. Supporting diversification of economic activities

In a rural setting, most people diversify their economic activities² to secure their livelihood under an erratic fluctuation of natural and economic frame conditions. The ability to adjust to changing conditions, and thereby reduce risks and vulnerability, is based on diversification. Such diversification strategies include maintaining a level of subsistence production as well as spreading the economic activities of family members over a wide range of geographic locations, incorporating rural and urban income sources.

Any rural development strategy and any rural service system have to recognise the rationale of people's diversification strategies, and support them as far as possible. Support agencies must avoid discouraging such strategies by providing one-sided incentives in favour of specialisation³.

2. Supporting adapted production systems

The big challenges for most of the rural small-scale producers are:

- the elimination of subsidies for external inputs and credit has turned a number of market products into non-viable ventures, and
- the reduction of subsidies to consumers has resulted in lowered demand.

Small-scale producers, in particular those poor in resources, have to be enabled to cope with increased input prices by adjusting their production patterns to the modified demand pattern. Thus, approaches dealing with knowledge-generation and dissemination have to be adapted to the new markets and service conditions. This applies not only to agricultural research and extension, but also to technology development for non-farming activities. It affects the type of innovations, which need to focus on flexible, diversified, low external input production systems, but, more importantly, it affects the nature of the knowledge generation process⁴ even more, which needs to take the changing resource and market opportunities into account.

3. Building capacity to cope with market mechanisms

The ability to cope with market mechanisms is a question of survival for most rural households. It is not a requirement only for those who want to become entrepreneurs. Most rural livelihoods depend on markets. Those who are forced to sell food products at lowest prices and to buy those food items later in the year at highest prices are at a high risk of food insecurity, indebtedness and perhaps even of

² Economic activities are all activities which utilise resources to satisfy material needs. This includes subsistence related activities as well as market related activities.

³ Not making use of the advantages of specialisation has trade-offs in terms of productivity. Productivity gains, however, can only result in sustainable welfare gains in the case of a stable trend of market expansion.

⁴ The institutional implications of such a knowledge-generation and dissemination process are dealt with in section 2/III/D.

losing their access to land. Therefore, in a situation of extreme and erratic price fluctuations, especially for staple foods, a pro-poor rural development strategy has to enable the poorer and more vulnerable sections to sell and buy at favourable prices.

There are five crucial **fields of interventions**:

1. *Market information systems* to create transparency on price differences and fluctuations;
2. Formation of *working capital* by savings to enable poor families to wait for better prices to sell their products and/or to buy on stock at lower prices;
3. Improved *storage* to be able to retain products until the prices are more favourable without suffering from excessive storage losses;
4. Enhanced access to *transport*, for poorer producers to make use of local price differentiations, rather than relying on monopolistic traders; and
5. Promotion of local or household level food *processing* to achieve a higher value added and to escape from seasonal price fluctuations.

Joint, organised efforts by poor households are required for at least two of these fields (accumulation of working capital and access to transport) to be effective. It is hardly possible that individual action by marginal small-scale producers can deal with markets in a strategic way. Most of the resource-poor, small-scale farmers or producers will not be able to maintain their status as small-scale producers under market conditions unless they get organised (see strategy component 53). Getting organised, however, is not an easy solution, it is a major challenge. Poor people cannot easily afford the organisational costs (e.g. in terms of time and labour) and the organisational costs must not exceed the savings from selling and buying at more favourable prices. Therefore, support is required to enable these people to deal with the organisational requirements in a way which minimises costs, efforts and barriers.

4. Enabling advanced producers to make use of new opportunities

Even pro-poor rural development strategies have to support economically better-off and well-resourced producers. This is necessary to make full use of a region's growth potential. Some of the new niche markets can only be opened for regional products and services by entrepreneurs who can afford some investment and risk-taking and who have entrepreneurial experience. These new fields of activities can provide additional job opportunities for the poorer sections⁵. Consequently, the *aim* of promoting the more-advanced entrepreneurial type of producers is to *provide them with an opportunity to advance and to use their potentials without impoverishing the poorer strata*. Supporting them to become competitive at those, mostly external

⁵ In addition, such new opportunities are crucial to provide alternative options for those business people who otherwise benefit from market mechanisms by buying at lowest prices from the poorer farmers and selling at highest prices.

markets, which cannot easily be served by resource-poor or marginal producers, implies *interventions in the fields* of:

- identification of comparative local advantages for niche markets;
- supporting knowledge-generation and technology development to achieve competitiveness; and
- supporting local entrepreneurs in pursuing market access and development.

This strategy component has to be seen as complementary to those more directly oriented towards poverty alleviation.

B. Creating new opportunities

5. Searching for new opportunities

In many rural regions the existing opportunities are too limited to even secure sustainable livelihoods. In such situations enabling approaches alone cannot solve the problem. Regional Rural Development programmes have to assist in identifying and creating new opportunities for generating income and for gaining access to food and other basic commodities and services.

Searching for economic opportunities is the responsibility of each producer. But there should be public programmes to support people in their efforts to produce goods and services, which meet a demand. In a situation where a lack of economic opportunities and rapidly changing external market conditions come together with limited entrepreneurial tradition and experience, local level attempts at identifying viable economic activities are usually not enough but need to be complemented by a broader analysis of *regional* resources and markets.

Each rural region needs *institutional capacities*, which can do the necessary analysis of markets, resources and technological options. Such units can generate options but they also have to provide information about resource and market limitations, which can help avoid markets being flooded and resources being over-utilised.

A *regional perspective* is required to find new opportunities under scrutiny of local resources and of regional, national and global markets and technological options.

6. Making markets work

The assumption of mainstream economic theory is that new economic opportunities will emerge from the market system. But theory also says, that only functioning competitive markets can help people identify new options. The assumption that private business would flourish as soon as state control was reduced was proved wrong for most rural areas in least and less developed countries. While such an assumption may hold true for petty trading, it is usually not realistic in fields like manufacturing and wholesale, where considerable investment is required. In those fields interventions may be required, either to get private business involved at all, or

to avoid private monopolistic structures in rural markets which may be as ineffective as the old state monopolies.

Most of the necessary institutional frame conditions for a functioning market system (with due consideration of the social and environmental dimensions) must be established through *macro-policy interventions on national level*. To make such frame conditions work in reality, *supplementary interventions at regional level* will be required for a number of reasons.

- To encourage potential entrepreneurs to invest in rural business they need confidence that economic transactions will be protected by legislation and law enforcement. While the necessary legal framework has to be established at national level, a *functioning law enforcement system* in rural areas is a crucial prerequisite, which needs the attention of regional development programmes.
- In many rural areas, competitive markets may not emerge due to the absence of entrepreneurial capacity or for other reasons like culture-related constraints. In such areas and sectors, co-operative businesses or state-owned enterprises may be required to avoid private monopolies replacing former state-owned monopolies. A crucial prerequisite for such a pluralistic arena of private, co-operative and state-owned enterprises is that *state-owned and co-operative business units are enabled to act in a business-oriented, client-oriented and competitive manner*. Such difficult transformation processes have to be supported at regional and local levels within the frame of regional rural development programmes.
- In rural areas, it is not only small-scale producers who find it difficult to gain *access to credit*. Even medium-scale emerging entrepreneurs often find it difficult to start or to expand a business due to a lack of access to starting capital. The credit conditions of national financing institutions are often not adjusted to the needs and conditions of rural entrepreneurs. Regional rural development programmes may be in a position to identify financing systems which meet the requirements of potential rural entrepreneurs.
- *Market information* is, perhaps, the most crucial prerequisite for making markets work. Rural development programmes can support the establishment of market information systems on regional and local levels.

7. Promoting local economic development

Identifying opportunities and making markets work in a way which provides new income opportunities, may not be enough to stimulate local economic development. As a result of decades of state intervention in favour of large-scale industries and the utilisation of imported resources (favoured by distorted foreign exchange rates), little was done to encourage the development of local technologies and entrepreneurship in the fields of processing raw materials. Now that the processing of local resources has become viable, there is a lack of tradition, skills and technology to make use of such opportunities. Sometimes big business tries to discourage local production in rural areas through subsidised prices ('dumping'). Sometimes supply links between raw material producers and processing units would need to be arranged for

investment confidence on both sides to grow sufficiently to enter into these new fields of production (for example, nobody invests in oil mills if farmers do not produce enough oil seeds, while farmers are reluctant to plant oil seeds in the absence of a sales channel).

Regional rural development programmes can help tackle the constraints to local processing and manufacturing by:

- identifying potentially viable sectors of production;
- identifying or developing appropriate technologies;
- encouraging and facilitating organisational arrangements which help match supply and demand during the starting phase of processing enterprises;
- promoting local transport infrastructure to link local resources to local demand; and
- providing initial protection for new and potentially viable business to overcome starting difficulties, and to compensate for subsidised prices of external competitors.

This type of intervention should not be seen as a permanent support, but rather as a tool for facilitating the transformation process to a market economy whereby inexperienced local actors are given a fair chance to become competitive. This can help outweigh limited external markets by gradually expanding local purchasing power. Moreover, within rural regions, the *promotion of regionally integrated economic activities can be part of a strategy to strengthen rural centres and to promote rural-urban linkages.*

Non-agricultural development in the context of RRD

Most of the strategy components outlined in sections A and B of this chapter apply to the promotion of non-agricultural income-generating activities, as well as to small-scale farming. Non-agricultural economic activities in rural regions of less and least developed countries tend to be part-time or seasonal businesses. They form part of a wide range of income-generating activities aimed at securing the livelihood of rural families. At a low productivity level they tend to serve local low-income demand for simple products or repair services. Aiming at improved living conditions or at sustainable livelihoods for the majority, within such a scenario, requires a strategy which caters equally for :

- maintaining existing part-time / seasonal non-agricultural income sources for as many families as possible; and
 - supporting people to utilise new opportunities.
1. **Diversification:** Promotion strategies should recognise the rationale of part-time business as part of a diversified flexible system of income generation, rather than promote specialisation in a situation of limited or insecure demand. By taking the situation of a business sector or branch as a whole into consideration, support measures must avoid promoting the expansion of a few selected entrepreneurs thereby enabling them to push their non-supported part-time competitors out of the market (see strategy component 1).
 2. **Supporting adapted production systems** in existing fields of small-scale production: Under modified market and resource conditions many traditional rural trades face a crisis, while for other trades new market opportunities have arisen. Many crafts are forced to change and to be innovative in order to survive. Therefore, pro-poor and livelihood oriented support needs to be directed towards enabling producers involved in *existing* fields of production to adjust to the new requirements, rather than focussing promotion measures exclusively on new fields of production (strategy component 2).
 3. **Formation of working capital through savings** is as crucial to non-farm businesses as it is to farmers in order to act strategically at raw material and sales markets. In many branches it can help make the step from mere repair work to the production of new commodities. As individual savings are hardly manageable within the context of rural social systems, organised saving groups with access to micro-credit are crucial for part-time micro-enterprises (strategy component 3).
 4. Besides the above-mentioned approaches which aim to maintain existing fields of off-farm production, it is important to also **enable advanced and better-resourced producers or entrepreneurs** to become competitive at markets

which are not yet served by local entrepreneurs. For this target group and those new markets, the conventional tools of business promotion, such as training and credit, do apply (strategy component 4).

5. **Creating new opportunities** by regional economic analysis, by market promotion policies, by public promotion of locally integrated economic activities is crucial in all those regions where it is primarily the absence of opportunities, rather than the lack of capabilities, which limits the development of non-agricultural income and employment opportunities (strategy component 5-9).

Promotion of SMME in rural regions, therefore, has to follow a **three-pronged strategy** consisting of

- support systems for existing fields of production;
- entrepreneurship promotion; and
- the creation of new opportunities.

In order to implement this strategy within a regional rural development programme, regions need **local economic development service centres**, which can;

- analyse existing fields of production and their constraints as well as markets, resources and technological developments;
- identify new opportunities;
- link existing and potential producers to existing services such as credit facilities, input providers and information; and
- cater for the provision of missing services.

While any supported SMME should be economically viable in principle and only be subsidised in the initial phase and with a realistic scope for sustainability, SMME service centres may not be self-financing in many of the more marginal rural regions due to limited business volumes and therefore be considered a public responsibility.

8. Considering subsidy components that conform to sustainability

Subsidies are often dangerous. They can prevent people from searching for realistic and viable opportunities by providing incentives for taking up basically non-viable and unsustainable activities which are usually neither replicable nor sustainable. Thus, they result in temporary and unjustified privileges for selected sections of the population, which, in turn, encourage the excluded part of the population to wait and struggle for subsidies rather than to rely on their own resources. Consequently,

subsidies have to be handled with utmost caution. Subsidies, however, *may be necessary to open up opportunities*:

- They are necessary to cover the risks and learning costs involved when inexperienced newcomers take up new opportunities.
- They are necessary to compensate for subsidies provided by external competition.
- They are necessary to encourage people to take up activities which do not pay sufficiently on the market, but which provide other benefits to third parties (so-called external effects).

Such subsidies have to be affordable by the national government or by international systems of solidarity. And they must avoid above-mentioned distortions. The task of regional rural development programmes is to review and design rational subsidy systems, taking affordability, effectiveness, sustainability and general applicability into consideration.

9. Promoting rural-urban linkages

Rural-urban linkages are of crucial importance to the living conditions of people in rural areas. Most rural households depend on urban income sources and many urban-based households depend on rural income sources to secure their livelihood. Many of the non-agricultural businesses in rural areas are part of locally integrated economic activities. They are crucial to a growing demand for agricultural products and need urban facilities and an urban environment to emerge and to survive. Moreover, a rural economy and society can only function if people have access to a range of urban-based economic and social services. Thus, *urban centres are an essential part of a rural economy* and of the rural change. The more urban centres can fulfil these linkages for rural people, the less the need to migrate to the overcrowded big cities.

While in many rural regions such urban centres have emerged as part of a historical process, in many countries this has not happened. In some countries historical urban centres are in decline due to macro-economic trends. In such cases regional rural development programmes have to strengthen the development of such centres, which are crucial as attractive locations for viable non-agricultural businesses and for private as well as for public service organisations. Such business and public service agencies need an economic, social, cultural and innovative environment, which can only emerge if certain functions and people are clustered. *Spatial development frameworks* as part of regional development programmes have to include spatial development objectives in line with such requirements.

10. Designing and managing food market interventions

From a livelihood perspective, the price at which basic foodstuff can be bought in case of general food shortages is an important dimension of a household's economic opportunities. It affects the real income or, in other words, the quantity of food and

other basics a household can afford. Food market interventions are necessary to avoid extreme speculative price fluctuations in case of food shortages. The mere existence of security reserves helps to avoid speculation. Food market interventions, however, are also highly sensitive tools which can discourage food producers and people's own coping strategies, thereby decreasing food security in the long run. What is required is a policy which helps to increase food security and to reduce the risk of indebtedness by arriving at a situation, in which sufficient incentives exist for producers and traders, while, at the same time, consumers are offered some basic price security. The design and establishment of such a system is a matter of national policy. The successful implementation of such a system, however, requires the *establishment of functioning regional and local institutions and mechanisms* for:

- monitoring the food supply situation and the impact of food market interventions; and
- applying intervention tools in a correct manner.

Regional rural development requires such institutions and mechanisms to be in place and functioning.

11. Offering labour-intensive infrastructure programmes

In regions where the markets for local products are extremely limited, access to job opportunities is crucial to the satisfaction of basic needs. Many on-farm employment opportunities are seasonal and tend to coincide with the season when the labour is required at the employees' own farms. Labour intensive public infrastructure programmes during off-seasons are, therefore, a crucial strategy component within a pro-poor vulnerability-reducing rural development programme. The remuneration of labour in such programmes should be set at a level that is unattractive for those who have the resources to make use of other income opportunities, thereby attracting only those who have no other options (i.e. 'self-targeting', see strategy component 18).

This strategy can also be applied where private contractors carry out public infrastructure projects. In such cases, partnership contracts can be designed in such a way that the contractor is obliged to make use of labour-intensive methods and local labour, while the state agency in charge is obliged to cater for adequately trained local workers.

Taking the high degree of vulnerability of rural households into account, this tool, known from food security programmes as "Food/Cash for Work" should become a component of each regional rural development programme.

C. Granting fair access to limited opportunities

12. Ensuring non-discriminative economic promotion schemes

Efforts to create new opportunities are confined by narrow resource or market situations in many rural regions under prevailing macro-economic conditions. In such a case, strategies are required to ensure fair access for everybody to such limited opportunities. This implies that public support measures must be designed in a way which prevents enabling or encouraging certain population groups expanding their production to the exclusion of other people's chances to do so⁶. In other words: Public support programmes should *not discriminate*, should take account of resource and market limitations and should give the majority of a target group a chance to access available opportunities. Regional development programmes should help to ensure that all public interventions, in particular those financed by donor agencies and NGOs, are co-ordinated in line with this principle.

D. Dealing with risks and distress

13. Strengthening social security systems

In a wider sense, social security systems are composed of measures aimed at reducing poverty and vulnerability. This strategy component deals with social security in a more specific sense, meaning the availability of assistance from within the community or society in the case of individual situations of distress such as disease, age, and the effects of individual disasters. It deals with the situations of those sections of the poor who are temporarily or permanently without sufficient self-help capacity to cope successfully.

In rural societies, there are usually informal traditional social security systems for such life situations or risks. Such social security systems, which are part of any rural livelihood system, may include redistribution mechanisms which extend beyond the boundaries of regions and even countries. In many societies there are trends of erosion of such systems either due to processes of monetarisation and individualisation or due to increased poverty. Where the young and healthy members of a society do not get an opportunity to secure their livelihood, social security networks tend to become defunct.

The most important strategy to provide social security for the dependent section of the poor on a sustainable basis is therefore to *reduce mass poverty*. This can best be done by giving the population groups who have the potential to be productive an opportunity to make use of their capacities. But other, *more direct approaches* have to be promoted in the short-term:

⁶ For example: If in a situation of extremely limited land resources or demand for crops a small percentage of, say 5%, of small-scale farmers would be given a public credit or a subsidy for buying machinery to expand cultivation from one to five hectares, this would affect the opportunities of the 95%, and it would definitely not be a replicable approach.

- Free access to health services can be provided to needy people identified by the community who have neither own money to contribute nor somebody responsible for them. The same can apply to school fees and other education-related costs.
- Experience with traditional risk redistribution systems such as funeral societies can be used and adapted for health insurance purposes, etc.
- Social security networks should be made an issue for community level workshops in order to analyse the situation and to agree on methods which either aim at revitalising and adjusting traditional systems of obligations, or which replace them by new self-help networks⁷ based on solidarity. These may be connected to existing self-help organisations (e.g. saving groups).
- Formal governmental or non-governmental social welfare organisations should check sustainable possibilities of promoting local safety networks in line with the principle of subsidiarity.
- All such redistributive efforts can only work on a sustainable basis if it is possible to reduce mass poverty or to avoid further impoverishment.

14. Managing risks, preventing disasters and assisting in emergency situations

Reducing risks and preventing disasters is part of any individual livelihood strategy. Many risks, however, can be reduced more effectively by concerted regional level efforts and should be considered as part of the public responsibility of regional or local government.

Part of the government agencies' risk reduction responsibility entails supporting the local residents' and communities' coping strategies. Many strategy components in this chapter concern ways and means of enabling individuals and households to deal with challenges and risks. Regional or local government is also responsible for **preparing programmes for the prevention and mitigation of disasters** which are consistent with development efforts. Such programmes should include:

1. The *identification of major regional risk factors* (e.g. floods, droughts, fire, epidemics, social conflicts) which are likely to occur and for which specific programmes need to be prepared;
2. Activities for systematic *observation* of such risk factors and conflicts (e.g. early warning systems);

⁷ Replacing traditional inclusive forms of social networks by new voluntary and exclusive self-help organisations bears the risk that the poorest, who have little to contribute, may be excluded. Such implications have to be discussed and analysed carefully at local level before encouraging new systems.

3. *Prevention* measures aimed at reducing the likelihood that the occurrence of risk factors or natural hazards will result in human disasters⁸.
4. Contingency programmes for disaster *mitigation* regarding both natural and human calamities.
5. *Emergency assistance* for those affected by disasters. Such programmes must be prepared in advance and should support long-term, risk-reducing development measures, instead of contradicting these by discouraging local ownership and self-help efforts.

Linking food and nutrition security and RRD

RRD has to address the problems of food insecurity in households and of people with nutritional deficits. Food and nutrition security, cannot be achieved unless approaches which are multi-sectoral (dealing with agriculture, water supply, health and hygiene, social security systems, market systems, food processing and preparation techniques, etc.) and multi-dimensional (dealing with economic, social, cultural, institutional and technical issues) at local, regional and national level are applied. Thus, strategies to improve food and nutrition security at household level are to a large degree in line with those of a more general RRD approach. Consequently, many of the instruments and strategies in the field of food and nutrition security are part of the RRD strategy components:

1. Promotion of *subsistence food production* is part of the recommended support of diversification of household activities and of identification of adapted resource utilisation patterns. This has to be done with due consideration of nutrition requirements (see strategy components 1 and 2)
2. Better *affordability of food* at the market is taken care of by:
 - (a) strategies preventing too high price levels, e.g. the production of food for the market, enabling the poorer sections to cope with markets, making food markets work and strategic food market interventions (strategy components 2,3,6,8,10), and
 - (b) strategies to increase the purchasing power of vulnerable population groups through additional income sources from new economic opportunities and labour intensive infrastructure programmes (strategy components 5,7,11).
3. Promotion of *food redistribution* at local, national and international level by (a) strengthening traditional redistribution systems, and (b) food aid as part of emergency measures.

⁸ Effective prevention strategies usually require multi-sectoral approaches related to the promotion of equity, conflict resolution or mediation, improvement of production and land use systems, settlement patterns or environmental investments.

Other additional factors and instruments, related mainly to nutritional standards, have not been covered by the 'economic strategy components' mentioned. These additional instruments relate to aspects of *food consumption*, *food preparation* and *health*, which affect nutritional conditions. Wherever the nutritional standard of major population groups (such as children) is a problem in a region, regional rural development programmes should include appropriate interventions such as:

- nutritional education;
 - promotion of improved food preparation practices; and
 - mother and childcare components.
-

II. The Socio-cultural Dimension: Interaction with People

The interaction between providers of public services and their recipients, as well as the interaction between state agencies and those affected by regulatory measures, is often characterised by:

- a one-sided top down approach to decision-making;
- a paternalistic 'clientele-like' relationship (in which services are sometimes perceived as a favour) rather than a partnership approach based on well-defined rights and responsibilities on both sides;
- undifferentiated, uniform, innovation packages instead of a situation and target group specific approach; and
- focussing on the 'household-head' and thus introducing a male-biased approach.

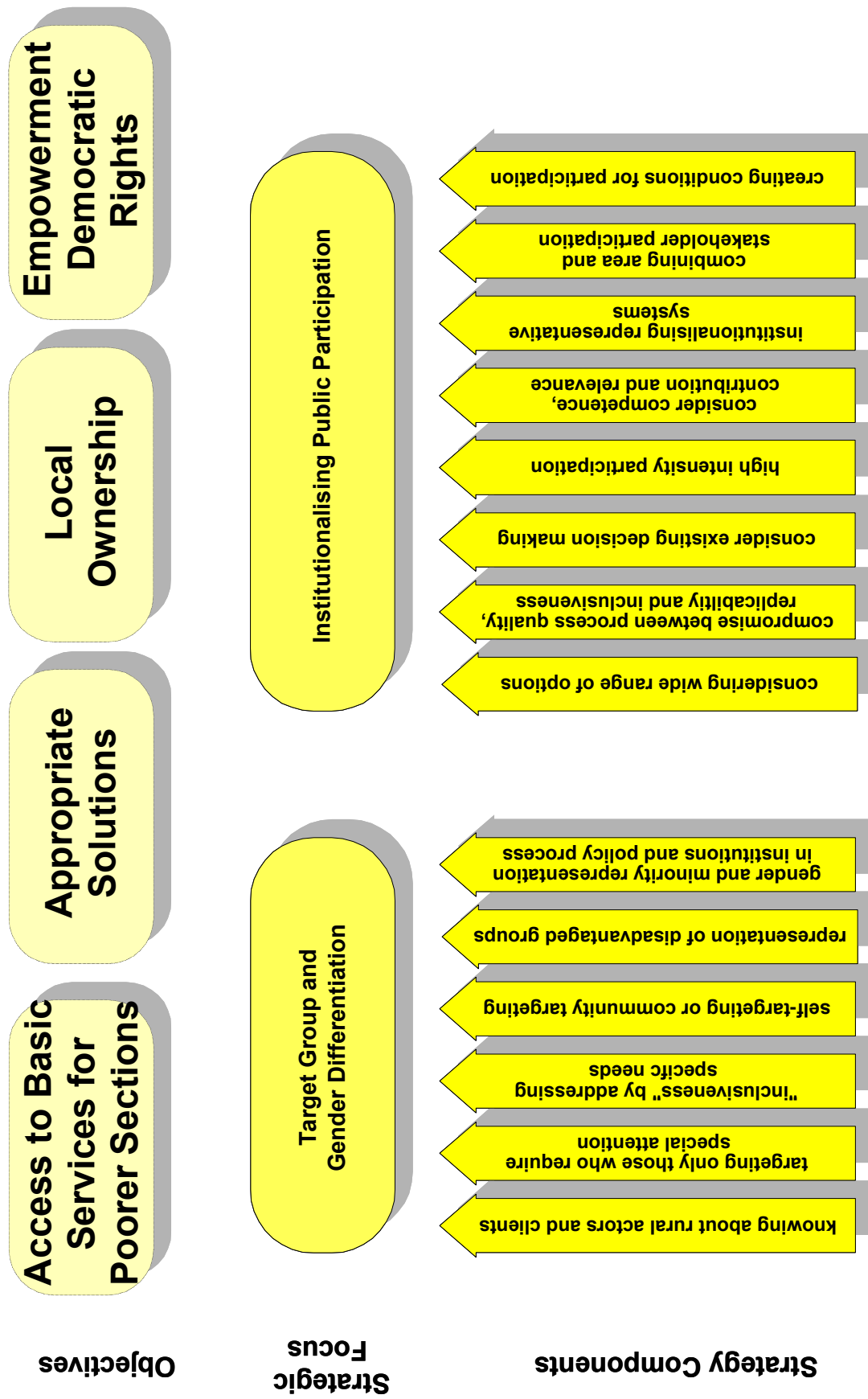
The appropriate design of the relationship between public service providers and rural people should be based on three main principles:

- Acknowledging the *democratic rights* of citizens and residents to be involved in decisions which affect their interests; Their right to be informed on public issues, the right to scrutinise public service agents and the right to complain.
- The importance of *partnership*: Since development is neither the exclusive responsibility of government, nor of citizens or communities, there are many areas that require joint or complementary action in the field of public service systems.
- The use of *Joint Knowledge-Generation*: In contrast to the outdated assumptions that either 'experts' (based on research station findings) or local people (based on indigenous knowledge) know best by which techniques or procedures to solve problems, there is ample evidence that it is, in actual fact, the *interaction* between both sides which is most likely to arrive at appropriate solutions.

To enable the transition from top-down service systems to those that are based on partnership and mutual rights and responsibilities, RRD's **socio-cultural strategy components** can be divided between two main strategy focuses (see also fig 5):

- A. Under RRD's poverty-oriented and gender-differentiated approach, special attention should be given to reaching out to marginalised and disadvantaged groups, meaning not only the poor and women, but also ethnic minorities, youths or people infected by HIV/AIDS (strategy components 15 to 20)
- B. In the context of regional rural development, a main strategic question is to what extent target group, gender specific, and participatory approaches can be institutionalised and become part of regional governance in rural areas (strategy components 21 to 28).

Fig. 5: The Socio-cultural Dimension



A. Securing target group and gender differentiation

Public services, just like private services, need to be target group-oriented to find clients and to meet their needs in an appropriate manner. Regional rural development programmes, therefore have to

- be based on information about the different population groups in a region;
- specify which population groups will receive special attention;
- design services and support measures tailored to the situation of such groups;
- identify how exclusive support for properly defined disadvantaged groups can be secured;
- involve representatives and/or advocates of disadvantaged groups in planning and implementation; and
- inform national policy guidelines and legislation so that specific needs and conditions of rural population groups are considered.

The major challenge for a target group and gender differentiated approach in a local or regional government context, is to identify pragmatic approaches (for population groups of 100,000 people or more) which take account of resource limitations as well as political and cultural objections to target group differentiation. The strategy components 15 to 20, discussed in this section, focus on such pragmatic approaches rather than repeating conventional text book knowledge on target group and gender analysis.

15. Knowing about rural actors and clients

“Knowing your clients” is the prerequisite for interacting with them in an appropriate manner. The standard tools for getting to know them are target group analysis and gender analysis (or: gender-specific target group or organisational analysis). These tools were initially designed for project planning and are often neither affordable nor manageable for most local or regional governments. Instead, for regional rural development planning, it may be more appropriate to

- provide any socio-economic information (e.g. on employment, income situation, access to services and service standards) differentiated by socio-economic strata and by gender (including age-groups);
- analyse the socio-economic information in a spatial context;
- identify specific problem groups and their major characteristics; and
- initiate special problem-focused, socio-economic or gender-related, studies on certain issues of specific importance or related to specific population groups (e.g. a study on women and transport or on the livelihood systems of fishermen’s households).

Appropriate rural development measures do not need the detailed quantitative data about farmers or inner-family issues. Instead, *problem-focused qualitative analysis* can generate relevant and applicable knowledge about socio-economic and gender differentiations.

16. Targeting only those who require special attention

Not each intervention or each service of a regional development programme needs to be targeted to specific population groups or geographical zones. And not every population group needs interventions or services specifically designed for them. Consequently, one does not have to subdivide the whole regional population into target groups. It may be enough to decide which socio-economic, gender-specific or zone-specific population groups need special attention due to their specific problems, their specific potential, or due to their importance for the overall development process. One important principle to follow is not to increase socio-economic gaps between different groups in a society, but rather to help closing them.

Due to the different roles of men and women in most rural societies, a '*gender-check*' should, however, be done for each type of service or intervention in order to ensure that women's specific needs are considered as much as those of men. This does not mean that in each of those fields special measures for the female part of the population will be required. Moreover, the specific needs of young people should get special consideration, while in many regions ethnic minority groups may require special attention.

17. Achieving 'inclusiveness' by addressing specific needs

Target group and gender specific approaches are sometimes confused with separation. Separate measures for specific target groups are, however, the exception rather than the rule. The *rule is to avoid exclusion* of certain population groups by designing general interventions and services in a way which takes their specific needs, constraints and potentials into consideration. The rule is, for example, not to launch separate credit programmes for women, but to design all credit programmes such that women receive equal access. Or, the rule is not to design specific health care systems for old people, but to incorporate the specific needs of the elderly into the overall health system.

18. Exclusiveness by self-targeting or community targeting

Regional development programmes may have to include some support measures, which improve only the situation of disadvantaged groups like landless people, unemployed people or female heads of households. To avoid that other less needy people take advantage of such measures, and thereby reduce the benefit for the actual target group, the members of the latter would have to be identified personally. This is a highly cumbersome administrative procedure, especially in rural areas. In some cases, it may not be politically or culturally acceptable to discriminate by person. Moreover, it is far from evident who is unemployed or who is a 'marginal' farmer in rural livelihood systems. To avoid complications while still being exclusive in favour of certain groups, it is useful to *tailor support so that it only suits the intended*

beneficiaries and is not attractive for better-off people. Prominent examples for such self-targeting approaches are food or cash for work programmes which set wages at levels that are only attractive to those who really have no other income opportunities. Self-targeting is selective without being bureaucratic and discriminative.

Self-targeting does not work for every kind of targeted support. Most social security related transfers or subsidies tend to be attractive to the masses of the poor, though they should only be given to the poorest. For example; how to avoid everyone taking advantage of exemption rules for health or school fees? To reduce the costs and conflicts of a bureaucratic mechanism for establishing who would be entitled to such benefits, communities themselves can determine this, based on participatory methods of wealth ranking. This has the added benefit that it is the communities too, who are in the best position to control misuse of such selective support instruments.

19. Ensuring representation of disadvantaged groups

Public participation in planning and budgeting of service systems of local or regional governments tends to be biased in favour of well-organised stakeholder groups and better-off population groups who have sufficient resources to afford the time to participate. Poorer sections and women, sometimes also young and old people, as well as minority groups, are underrepresented. A target group and gender specific approach, therefore, has to ensure adequate representation of such disadvantaged sections in the public participation process. In many regions, these sections are however, not well organised and have no legitimate representatives. In such cases, the regional authorities in charge have the responsibility to ensure representation, especially of disadvantaged groups, by inviting competent advocates for such groups.

20. Strengthening gender and minority representation in institutions and policy processes

Public participation in planning is not enough to ensure that gender-specific needs and the interests of disadvantaged, marginalized groups are adequately considered in service systems support measures. There have to be competent people within the management and decision-making committees of decentralised government bodies and service providing agencies who are competent in matters related to these groups. In cases where one cannot afford full-time professional, at least temporary advocates from national level, NGOs and the consultancy sector should be engaged during the critical phases of technical planning and decision-making. Moreover, every opportunity to influence legal and policy drafting processes has to be used to ensure that macro-level reforms in favour of gender equity and disadvantaged groups are appropriate to the rural context.

B. Institutionalising public participation

Public participation can serve different objectives:

1. *Empowerment* by giving people the democratic right to articulate their interests and trying to get these translated into decisions and actions.
2. *Ownership* of facilities, services or processes by users as a result of their involvement in the decision-making process.
3. *Appropriateness* of measures by taking the local know-how of the users into consideration.

In each of these contexts, a *mutual learning process* for all involved is a beneficial side effect of public participation processes. If participation is a democratic right and if it is a necessary requirement for partnerships between service providers and users, the same rules and procedures have to apply everywhere and for everyone. As a consequence, public participation as a way of interaction between government and other providers of public services on the one side and residents and communities on the other, has *to be institutionalised*. Nevertheless, public participation as a form of direct democracy has certain trade-offs and disadvantages too:

- it is a time-consuming process and can delay decisions and it may be dominated by those who have more time available;
- it is costly;
- it requires considerable professional capacities; and
- it gives organised interest groups a stronger leverage on public affairs and resources than less organised population groups.

In general, these 'participation costs' tend to discriminate against the poor, who are usually less well endowed to get involved.

The **strategic question** is therefore, how to design public participation procedures and mechanisms in the context of regional governance and regional-scale service systems, such that they can be institutionalised as part of a democratic system of governance. The processes related to planning and implementation of regional rural development programmes require a situation and task specific mix of various forms of public participation, rather than one standardised procedure that is applied everywhere and in each decision-making context. This section will not repeat conventional wisdom on participation philosophy and techniques, but will focus on the crucial challenge of institutionalising public participation at regional level. In a regional programme the spatial aspects of participation (such as distance) must always be taken into account.

21. Considering a wide range of options

The range of possible forms of participation is wide and diversified. Which form is most appropriate depends on the context. The various forms are categorised in *Table 1* according to a model of interaction between residents / communities and state agencies / service providers (see fig 6). The model shows different ways in which the two sides with their different information and interests can arrive at joint decisions. In short, the options of giving residents more decision-making power are:

- widening their scope for *self-determination* by providing more choices;
- a *unilateral articulation* of needs, priorities, opinions, complaints, interests and decisions;
- *dialogue* by way of exchange of information, opinions or negotiations;
- *application and contract procedures* as a standardised process of arriving at mutually binding decisions;
- *co-determination*, by legally binding entitlements, to be part of, or be represented in, formal decision-making forums.

Fig. 6: Interaction between people and state agencies or service providers

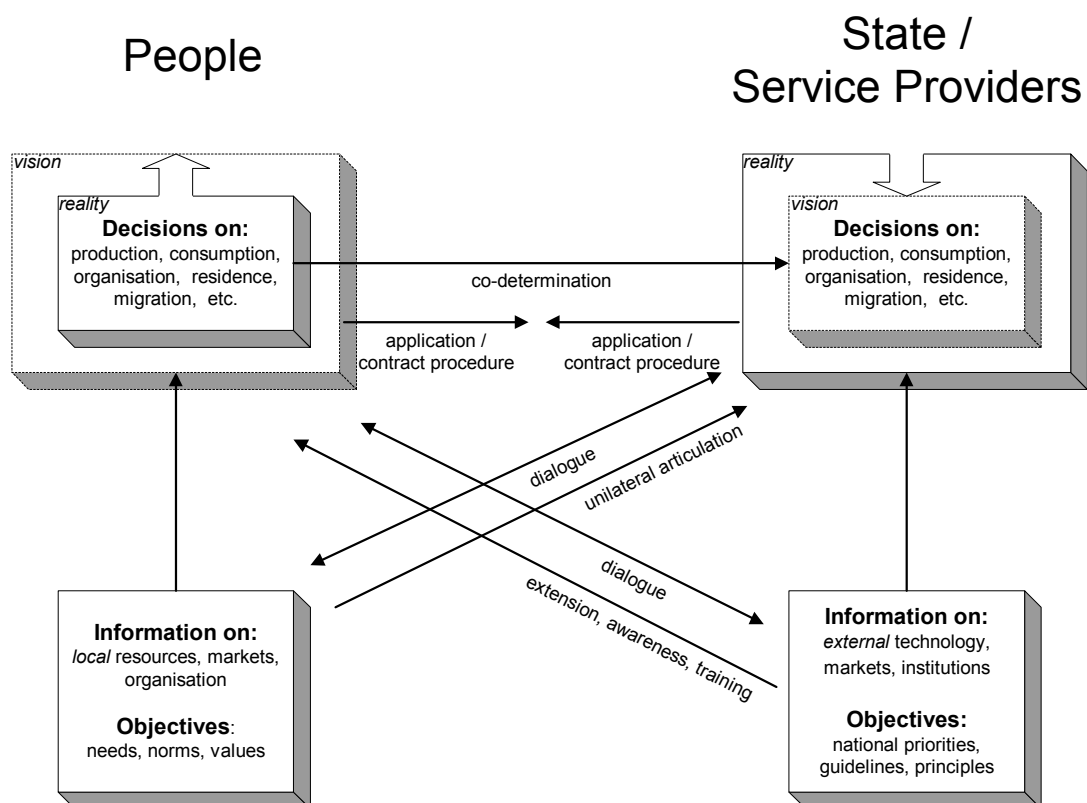


Table 1: Forms of Participation - Overview

Form	Principle	Tools	Advantages	Limitations
Widening self-determination	Support designed in a way which leaves maximum choice to target groups	<ul style="list-style-type: none"> - unconditional grants for communities - multi-purpose funds - unconditional credits - broad choice of techniques - broaden choice through local transport and information 	- little effort - high impact	<ul style="list-style-type: none"> - risk of elite-dominated decisions not in line with needs of the majority - risk of decisions in favour of non-sustainable, inappropriate prestige projects
Unilateral articulation	Decisions of support / service agencies based on improved information on target groups	<ul style="list-style-type: none"> - opinion polls / needs assessments / RRA - referendums - inst. complaint channels - Participatory Monitoring 	<ul style="list-style-type: none"> - limited effort - can be applied in an area-covering manner 	<p>suitable for problem identification</p> <p>suitable for decisions on well defined options</p> <p>unsuitable for identification of appropriate problem solutions</p>
Dialogue	Decisions of support / service agencies and target groups based on mutual information exchange	<ul style="list-style-type: none"> - informal group meetings - planning workshops - meetings with formal forums - PRA / particip. action research - consultations with representatives 	<ul style="list-style-type: none"> - mutual learning process - helps avoid shopping lists - suitable for identification of solutions 	<ul style="list-style-type: none"> - time-consuming and costly - requires high professional and facilitation skills
Application and contract procedures	Decision support / service agencies and target groups are aligned in a legally binding manner	<ol style="list-style-type: none"> 1. support agencies decide on application conditions 2. Target groups decide on application 3. Support agency decides on approval 4. Contract on contributions 	<ul style="list-style-type: none"> - appropriate for area-covering institutionalisation - suitable for partnership type of interaction 	- unsuitable for identification of appropriate solutions
Co-determination	Target groups are entitled to be part of the decision-making body of the support / service agencies	- membership in board of directorship or councils	<ul style="list-style-type: none"> - strong, legally binding impact - suitable for membership-based service organisations 	<ul style="list-style-type: none"> - high effort - requires special training of representatives - risk of alienation of representatives from their membership

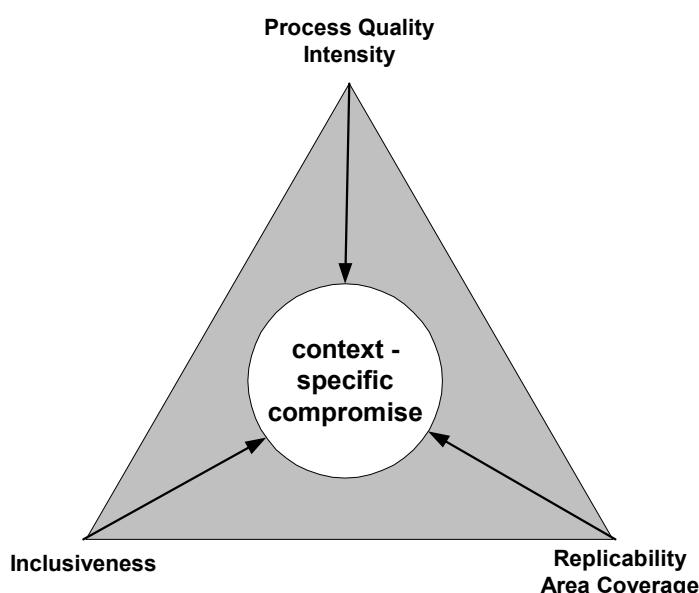
22. Compromising between process quality, replicability and inclusiveness

Institutionalising participation implies coverage of all geographical areas (i.e. the replicability of the participation process) and inclusiveness (i.e. the involvement of all socio-economic, ethnic and gender categories) under conditions of limited capacities (e.g. competent staff and transport) for the participation process. This has implications for the duration and frequency and consequently for the process quality of participatory events.

Maximising process quality would increase time requirements per unit (i.e. per place or group). Maximising area-coverage would mean increasing the number of units in which participatory events are to be organised. Maximising inclusiveness would mean increasing the number of people involved per unit which may imply having different meetings for each population group at a certain place. Unfortunately, capacity limitations of rural institutions do not allow maximum process quality at a maximum number of places with involvement of maximum number of people per place. Institutionalisation, therefore, means finding appropriate compromises. For instance, if a district has a capacity for only 100 participation days, then it is not possible to hold five-day workshops in each of 100 villages for the five different target groups per village. Instead, the 100 participation days are better divided over 25 two-day workshops at ward-level and an additional 10 five-day workshops at district-level.

The nature of the compromise differs depending on the type of decision (see fig 7). The following strategy components provide criteria and options for reaching a context-specific compromise.

Fig. 7: Matching quality, replicability and inclusiveness in the participation process



23. Considering existing decision-making systems

Different societies have different ways of arriving at decisions. Some of these may be well established, well accepted and well functioning. It is therefore useful to analyse these existing procedures and mechanisms before introducing new ones. There is not just one way of democracy. Making use of traditional ways of decision-making can save resources by making use of available local social capital.

24. Temporary application of high intensity participation forms to create a basis for low intensity forms

High intensity tools, such as dialogues or participatory action research, are required for identification of appropriate and innovative solutions and to stimulate the social learning process of all parties involved. Once such solutions have been found and people have learnt how to find them, the basis has been prepared for less intensive forms such as increased self-determination, application procedures and unilateral articulation of needs or complaints. After communities have gone through joint and externally facilitated decision-making processes, they may qualify for more self-determination and for submitting applications for certain agreed and tested standard service packages with considerably reduced consultation requirements. It is neither possible nor necessary that every member of a society goes through the same intensive learning process in order to make proper use of an innovation.

25. Considering competence, contribution and relevance

Not everybody wants to participate in everything. People are more prepared to get involved if they feel competent. People are eager to participate and carefully analyse various options in areas where they may consider investing their own time and money. And people like to get involved in issues which really affect them, as opposed to those which have only a very indirect impact on their lives. These insights are directly related to the three major objectives of public participation: More *appropriate* solutions are only reached if the people involved are competent on the issue at stake. Participation will only result in responsible *ownership* if people must make decisions with regard to their own resources. Furthermore, *empowerment* is something which matters only if it is related to relevant issues. Taking these findings into consideration will help avoid meaningless participation processes and will help to bring the number of people involved to a manageable level without losing quality.

26. Institutionalising representative systems

Participation as a tool for democracy does not mean that each individual is directly involved in the final decision-making, since broad-base participation can also be channelled through representatives. What is crucial is that representatives are legitimated by those whom they are expected to represent and that their mandate is limited to specific issues that were discussed among the represented group.

To ensure inclusiveness and area-coverage in a regional-scale participation process, participation should be based on an institutionalised and regulated representative system which ensures:

- legitimacy of representatives;
- a well defined step-wise procedure for discussion processes and feed-back mechanisms at the various levels; and
- representation of all socio-economic groups.

The establishment of such a representative system can be encouraged by the government but not be accomplished by government alone. Wherever NGOs are available they should be mobilised to support the non-organised sections of population.

27. Combining area and stakeholder participation

Regional development programmes have to deal with location or community specific issues as well as with issues related to specific professional or socio-economic categories. Therefore, representation by geographical area is not sufficient. It has to be complemented by stakeholder participation. To keep participation requirements in line with limited resources, it may be appropriate to organise processes of stakeholder-specific participation on a higher regional level only, rather than having each community level process split up into the various socio-economic groups.

In regional programmes the spatial interdependencies of people and resources must be considered carefully during inter-community and regional decision-making processes, to avoid future problems or mitigate existing problems stemming from these interdependencies (e.g. water distribution, erosion problems, communal range management).

28. Creating conditions for participation

Decentralised governments in rural areas of less and least developed countries are usually not sufficiently capacitated to promote and facilitate community and stakeholder participation processes actively. In such cases, it has to be left to the civil society and perhaps to elected councillors and to political parties to fulfil that role. Decentralised governments, however, have an important role to play in creating conditions which encourage communities and stakeholder organisations to take part in a participatory process. This means:

- informing them on time about procedures and issues;
- allowing sufficient time between information and crucial meetings;
- making draft documents accessible for public debate and comments before approval;
- ensuring public meetings on crucial developmental issues;
- enabling field staff to deal with target groups or clients in a participatory and consultative manner; and

- acknowledging complaints and entering into dialogues.

Achieving such an enabling administrative environment for public participation is an ambitious task for a decentralised government and one in need of institutional change processes (see section III/B).

C. Dealing with HIV/AIDS

In many rural areas of sub-Saharan Africa, South and Southeast Asia and in some parts of Latin America, the HIV/AIDS epidemic affects a growing number of people and exerts its impact on the society at large. HIV/AIDS has turned out to be more than 'just a health problem'. It is now acknowledged as a *multi-dimensional development challenge* with ramifications for poverty and vulnerability, gender relations, education, production systems, etc. Consequently, it requires a *multi-sectoral response*. As responsibility for planning, budgeting and implementing rural development is increasingly delegated to regional and local governments, regional development programmes will need to deal directly with the epidemic and its implications, in which case an RRD concept which ignores it is bound to fail. In general, the response to the HIV/AIDS epidemic combines two major objectives:

- To slow down the spread of the virus by developing *prevention strategies*, both at the individual and the community level.
- To reduce the impacts of the epidemic by developing *mitigation strategies* on behalf of individuals and communities, as well as at the level of institutional systems and the society as a whole.

Each of these objectives are briefly reviewed in the following.

29. Integrating AIDS prevention into rural development programmes

During the first decade of the global response to HIV/AIDS, prevention activities were viewed as being the responsibility of the health sector. They usually consisted of a set of health-service based interventions in combination with information campaigns on how to avoid becoming infected.

Since then, the scope of prevention work has widened tremendously. One of the main drives behind this evolution has been the recognition that the sexual behaviour of individuals is largely determined by their cultural and socio-economic environment. Hence, the insight has grown that situation-specific factors need to be taken into account. Taboos and forms of traditional sex education need to be built in, e.g. by involving traditional leaders and healers. Obviously, gender roles are central in matters of sexuality, and hence will need to be addressed explicitly.

Economic conditions too play a decisive role, such as in the case of migrant workers or among the spouses they leave behind. Ignoring this will jeopardise the impact of prevention activities. Finally, prevention strategies need to be age-specific; young people, in particular, need to be addressed before they engage in sexual activities.

In conclusion, there is no single general prevention strategy, but rather *a set of possible interventions which need to be tailored to the regional or local context* – hence the concept of ‘Local Responses’. Because of the complexity of the behavioural change process, these interventions need to complement each other to form a *comprehensive package*; isolated interventions such as the promotion of condoms alone will not curb the spread of the epidemic.

This wide range of intervention levels will require the *mobilisation of all crucial public sectors*, such as health, education, local government, and certainly rural development, *along with community-based and private organisations*. To that purpose, *multi-sectoral task teams* need to be established at the regional and local levels. The requirements for educational and behavioural change of staff members of these organisations and institutions will need to be dealt with explicitly if one is to make them effective. The expected result of these broad-based prevention interventions is the *mobilisation of the local communities* themselves to implement sustained local responses to the epidemic.

30. Supporting the coping strategies of rural people

The direct socio-economic impact of AIDS among rural households is expressed in terms of increased disease and death rates within the economically productive age group and, as a result, in increased dependency rates. This causes a shock to existing livelihood systems disrupting both production and social support strategies, and ultimately overstressing coping capacities. As such, it aggravates the vulnerability and poverty of rural households in a way which may result in the collapse of families, social networks, and even entire rural communities.

In response, the poverty oriented components of regional rural development programmes will need to receive more emphasis. Two aspects require special attention:

- Rural production systems, especially with regard to subsistence production, need to be adapted in a way which reduces the labour requirements for those households where less members (or even children) have to care for an increased number of dependants.
- Rural social security systems need to be strengthened; possibly implying that they are to be relieved from certain obligations (e.g. caring for infants and providing health care) by increased support by public services and subsidies.

Such programmes, aimed at reducing the negative impact of AIDS, will need to be designed on the basis of detailed regional impact studies.

31. Dealing with the institutional impact of HIV/AIDS

A relatively high proportion of AIDS cases occur in the well-educated, political, administrative or managerial elite in the countries affected. The impact on the performance of the institutional system is manifold:

- high staff mortality rates;
- high absenteeism due to sick staff members, staff members who have to care for sick persons, and frequent funerals; and
- The staff morale, often low already, may become further depressed.

Taking state budget limitations into consideration, there is not much one can do to compensate for the losses of capacity. The main focus therefore has to be on strengthening on-going efforts of administrative reforms which seek to increase the effectiveness of existing services, and on avoiding the overstretching of institutional capacities with new programmes. Furthermore, efforts to combat the stigmatisation of people living with HIV/AIDS are important, in order to reduce the negative social and institutional impacts of the epidemic.

The limitations of strategy components 30 and 31 indicate that major *emphasis* has to be put on *prevention programmes*. Nevertheless, development programmes also need to *address the implications* of the epidemic, even when there is only limited scope for achieving a mitigation of its impact.

III. The Political and Institutional Dimension: Power and Capacity

To a large extent, rural poverty and underdevelopment are reinforced by deficiencies of the political and institutional system. The big gap, which separates the poor rural majority from the services necessary to make better use of resources and to satisfy basic needs, is a result of uneven access to political power on the one hand, and of institutional capacity limitations on the other⁹. The institutional reforms of the 1990s (e.g. decentralisation, local ownership, and privatisation) are not the full answer to the problem of defunct public services. Instead, they became major challenges which brought many new unresolved problems, especially in contexts of internal conflicts and violence. In many rural areas there were no local administration, no communities and no private entrepreneurs who were capacitated to take over responsibilities from central government. Often, what was left was a vacuum.

Instead of having non-organised individual service receivers being confronted with monopolistic service providers, the RRD strategy aims at a situation where the well-articulated demand of organised service partners at the receiving end meets with a pluralistic set-up of competing service providers. This is an attempt to combine the economic logic of a *service systems approach* with the political logic of an *empowerment approach*: Making service systems effective by optimising the distribution of tasks, and giving clients more choice and more power to demand.

The big political / institutional *issue*, therefore for regional rural development is to find ways and means of *bridging the gap* between the majority of the rural population and the services, information, and markets which they require to secure their livelihood on a more stable and sustainable basis. To achieve this, the RRD has a number of **political and institutional strategy components** (see also fig 8 and fig 9), which aim to :

- A. *Bridge the gap from above*, by a more **appropriate, pluralistic and diversified system of service provision**. Important issues are; How can roles and responsibilities be allocated to the various actors in a feasible manner with due consideration of the specific regional condition? What are the functions of government, NGOs, private business and the community? (see strategy components 32 to 35).
- B. *Bridge the gap from above* by a more **decentralised service system** which gets services closer to the people and which is more open for control from below. Issues are; how can service providers be enabled to take up and fulfil their new roles successfully? How to deal with the structural limitations of state agencies in rural areas such as reduction of field staff, low salaries and poor motivation? How to cope with growing co-ordination requirements of more diversified and

⁹ This situation relates to social services like health, education and water supply as well as to other fields of rural infrastructure like transport and electricity and to economic services like marketing, input supply, extension or credit.

decentralised systems? How to cope with the challenge of decentralisation? (see strategy components 36 to 49).

- C. *Bridge the gap from below* by **building community ownership**. The role of clients should be strengthened; communities and recipients, should be enabled to gain better access by their own efforts and/or by being more powerful in articulating their demand. Important issues are: How can poor and vulnerable groups be helped to gain access to a decentralised service system? How to empower communities to articulate demands and interests effectively? How to enable them to take up new tasks with related costs, to cope with the challenge of community ownership? How can the poorest be enabled to afford the costs of social services? (see strategy components 50 to 55).
- D. *Make both ends meet* by interrelating the efforts on the side of service providers and the efforts of the service recipients, supported by the identification of **intelligent service system solutions** that keep efforts from both sides manageable (see strategy components 56 to 60).

Fig. 8: Closing the gap between the rural poor and the service system

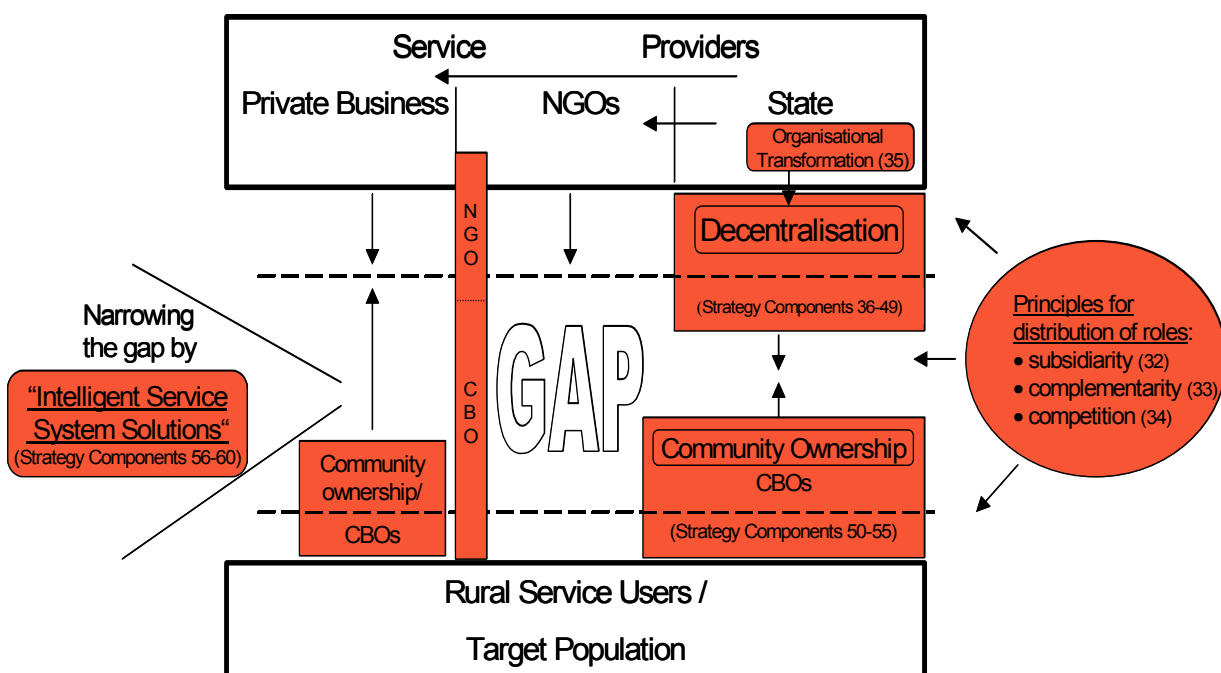
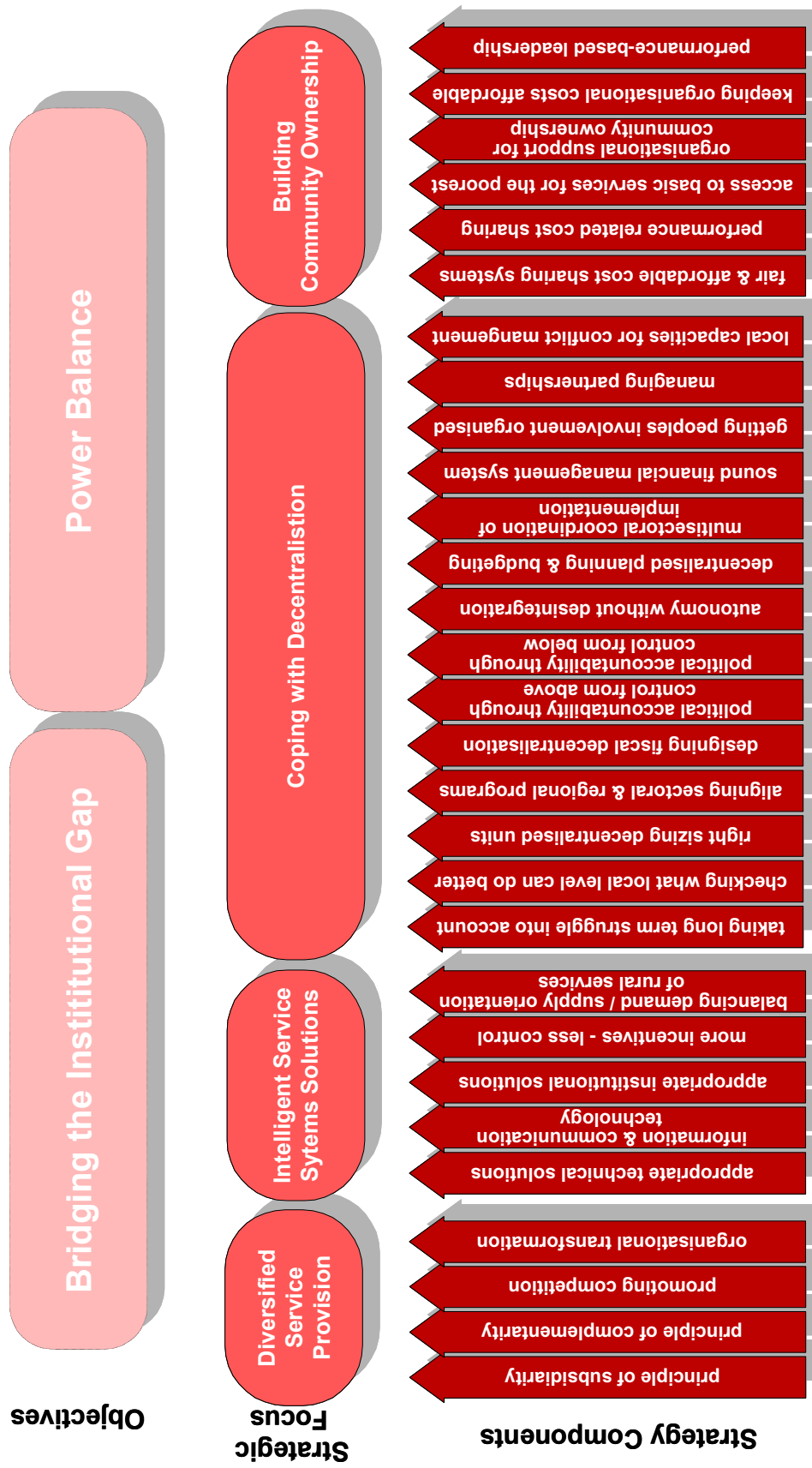


Fig. 9: The Political – institutional Dimension



A. Towards an appropriate diversified system

Where there is neither a well-established system of private enterprise nor a culture of entrepreneurship, the privatisation of state services may not be an easy answer. Where there is no well-structured civil society with a wide range of organisations prepared to assume public functions on a non-profit basis, any enforced hand-over from government organisations to non-governmental organisations may not mean much more than a re-labelling process without improving the performance of the system. Transition from a state-monopolised to a pluralistic and diversified system of service providers needs to be a carefully designed process that takes the existing institutional landscape and capacities into account, and which provides sufficient time for new actors to emerge before they are overloaded with responsibilities and expectations. The following strategy components can help find situation-specific answers to the challenge of transformation towards diversified and appropriate service systems.

32. Adhering to the principle of subsidiarity

The principle of subsidiarity does not only help to define the distribution of responsibilities between different levels of government or between different degrees and scales of organisation but also between governmental and private actors within a service system. It states that only that which cannot be done equally well at a lower level, should be done at a higher level. This principle can also be applied to the relationship between the private and the state sector, by saying that only that which cannot be done equally well, or better, by private (business or non-profit) sectors, shall be done by government. This means that not every function can be privatised. It also means that the answer to what can be privatised depends on:

- the situation in a country, the existence and potentials of private business and non-profit sectors,
- what a society defines as 'better', i.e. on the value system of a country.

An analysis within the given institutional context must be made to determine the best possible actor to fulfil a responsibility, before a decision can be made on which responsibilities and functions are to be transferred to private business, to NGOs, and which are to remain with (perhaps semi-privatised) government agencies. In a state-monopolised situation, however, potential actors who may be able to do the job better may not have emerged yet, simply because they were never given a chance. It is therefore necessary to *apply the principle of subsidiarity in a dynamic manner* by checking which private actors are likely to do better once given the chance.

33. Adhering to the principle of complementarity

In most cases, the question whether certain functions should be handled by the state or by the private sector cannot be answered in an either/or manner. This is due to the fact that many services are composed of a wide range of different tasks, for which different types of organisations may be differently enabled: The quality standards of a certain service like education may fall under government responsibility, the teaching

services as such may be provided by an NGO, the maintenance of class rooms may be done by a private business on contract, and the financing on a cost-sharing basis by government and the parents. As the agency which is the best suited for financing a certain service is not necessarily the best one to do the work, and as the one doing the job is usually not the one best placed to ensure quality standards, the application of the subsidiarity principle may result in different compositions of service-providing actors.

34. Promoting competition

Competition between service providers means pressure to perform well and it means service recipients have choices. In many cases, the principle of subsidiarity does not provide a clear answer to the question of who is better suited to fulfil a certain task. Only practical experience can provide evidence. In such cases it is useful to encourage a pluralistic scenario of different types of service providers. There may be private traders, co-operative shops and the supermarkets of a partially state-owned company in one area. Each one is helping to keep the services affordable and attractive for the clients by avoiding misuse of a monopolistic situation by one of the partners. Transformation towards pluralism and diversification does not necessarily require government to withdraw its involvement, but rather, it means allowing other providers to emerge and to develop¹⁰.

35. Initiating a process of organisational transformation

In a more pluralistic and diversified service system, with organised and actively contributing clients, government agencies still have an important, though very different role to play. The new challenge for state organisations is no longer to perform better with their limited resources but to perform differently. It usually means shouldering a lighter burden in a different manner. The challenge, therefore, is not organisational development in general, but rather a process of directed *organisational transformation*

- from a direct service provider to someone who co-ordinates and controls the provision of services;
- from an authority controlling public resources and distributing such scarce resources in a paternalistic manner to a client- and demand-oriented service provider; and
- from an input oriented way of maximising resource utilisation to an output oriented way of maximising impact within given resource limitations.

The new challenge includes capabilities such as:

- co-ordination of the wide range of actors involved in a service system;

¹⁰ Without providing unfair subsidies to the state-owned company, unless as a compensation for serving locations or target groups which would not otherwise be served by private competitors.

- managing partnerships with private sector agencies;
- dealing with organised groups of clients rather than with individuals; and
- providing services in a cost-effective and quality-oriented manner where a state-controlled agency remains a direct provider of services.

Such changes are not only a matter of gaining new capabilities through re-training. They also require a different incentive system within a society. As long as people expect representatives of state agencies to fulfil the role of a patron who distributes gifts, it will be difficult to achieve the transformation.

B. Coping with decentralisation

Decentralisation in the present context, can broadly be defined as “the transfer or delegation of legal and political authority and resources to plan, make decisions and manage public functions; from central government and its agencies to field organisations, sub-ordinate units of government, semi-autonomous and autonomous local governments or public corporations, area wide or regional development authorities or functional authorities”¹¹ (based on Rondinelli; 1981).

This definition incorporates all three areas of decentralisation including

- *Deconcentration* as a means of transferring administrative functions to sub-ordinate sub-national units;
- *Delegation* as a means of transferring complex tasks and responsibilities to semi-independent authorities; and
- *Devolution* as a transfer of power to sub-national political entities, which are answerable to their electorates via a local/regional parliament or council.

Accordingly, decentralisation may incorporate one, or all three dimensions of administrative, financial and political decentralisation. Decentralisation is not an objective on its own. It is a means, which is expected to contribute to the following *objectives*:

1. More appropriate, situation-specific services or support;
2. More effective public participation;
3. Increased accountability and transparency of government activities;
4. Better chances of establishing community involvement and local ownership of public facilities through public-community partnerships, which enhances sustainability;

¹¹ This definition does not include privatisation, which follows a different logic from redistribution of tasks and responsibilities as that within a government system.

5. Increased efficiency of public services by avoiding time-consuming decision-making procedures within hierarchical bureaucratic systems and the related demotivation of staff;
6. Multi-sectoral co-ordination of activities at a local or regional level;
7. Increased performance of public service providers as a result of competition between (semi-) autonomous local government units; and
8. Political stabilisation and maintenance of national unity by providing a certain degree of autonomy to regional societies, thereby integrating them better into the nation state.

So, there are many good reasons for a decentralised system of governance. But there is no automatic mechanism, which ensures that decentralisation will really contribute to these objectives. Neither should decentralisation be equalised with democratisation. They are as many examples of undemocratic (e.g. feudalistic) regional or local governments as there are of democratic and rather centralised systems. Decentralised systems, however, can contribute to a local democracy, thus creating a basis for a more democratic society.

In order to contribute to its objectives, some **prerequisites** for a meaningful decentralisation process have to be fulfilled.

- **Political will:** Taking into consideration that decentralisation means redistribution of power and control, it would be unrealistic to expect a whole-hearted political will of the government in favour of decentralisation. Strong opposition from certain sections of the political and administrative system will be the rule rather than the exception. But there should be at least: (a) a majority decision of the parliament, (b) a conclusive legal framework which allows at least meaningful steps towards decentralisation, (c) one powerful section within the political system which is active in support of decentralisation, and (d) strong local elites, which are actively interested and prepared to take over the responsibility for public affairs and development in their regions.
- **Capacity of central government:** Decentralisation is a process which needs guidance and support from national government and to result in a situation of shared responsibilities between different levels of government. Consequently, decentralisation is not the answer to a situation, which is characterised by a breakdown of central government functions. Nevertheless, establishing a decentralised local system of government may be the only way to make a society function in which there is a complete breakdown or absence of state functions.
- **Spatially decentralised pattern of economic resources:** the more balanced the regional distribution of resources is, the better are the chances that a decentralised system can be based on local revenue (which would support accountability). A regionally balanced availability of resources should be regarded as a favouring factor for decentralisation, however, rather than being a prerequisite for supporting decentralisation policies.

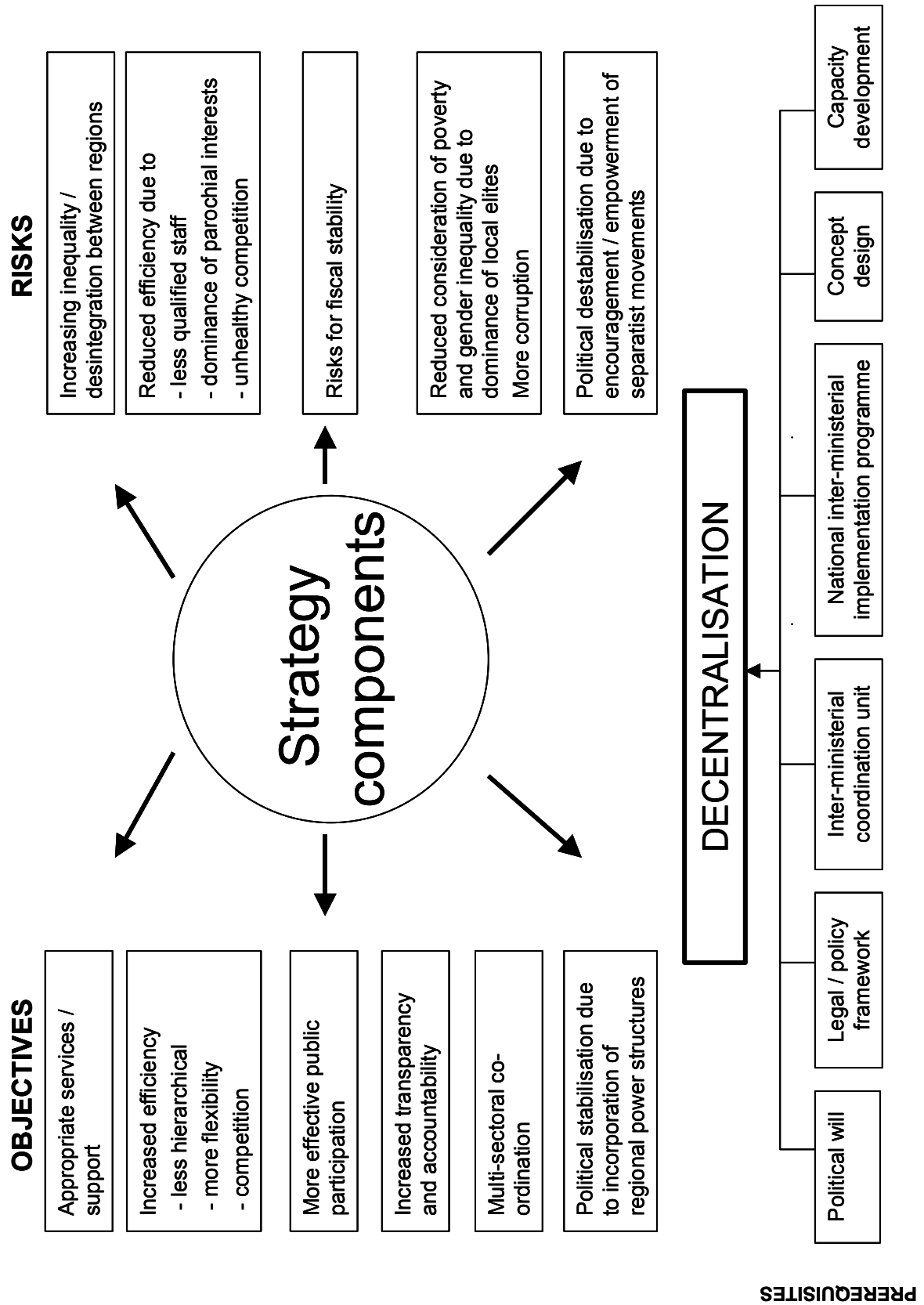
Even if these prerequisites are met, *decentralisation may add to the problems* of the public sector, unless it is a properly designed and sufficiently supported process. Decentralisation may

- increase the ineffectiveness of the government system by just extending the bureaucratic system, thereby increasing public expenditure and complicating public procedures;
- weaken administrative performance by handing over responsibilities to less qualified staff and by subordinating competent professional staff to parochial interests of less qualified functions;
- deepen existing regional inequalities and promote disintegration between the regions, thereby hindering nation-building efforts in ethnically heterogeneous nations;
- increase poverty and gender inequality by giving more influence over public spending to local elites which may be less sensitive to equality concerns;
- reinforce traditional clientelistic and feudalistic power-relationships in rural regions instead of promoting local democracy and accountability;
- result in duplication of efforts and destructive incentives to private investors as a result of unhealthy competition among local or regional authorities;
- open additional opportunities for corruption; and
- encourage tendencies towards separation by providing separatist political movements with resources and an arena to realise their interests, thereby contradicting the aim of political stability.

Decentralisation alone may not contribute to more sustainable rural livelihoods. Making decentralisation a success requires a sound democratic system. At least, democratisation and decentralisation have to proceed hand in hand (see also fig 10). Decentralised systems, in order to achieve the expected impact and to avoid the possible negative effects, have to be carefully designed in a way which

- takes existing capacity/resource limitations into account;
- takes parochial interests of regional or local level into account, by ensuring control mechanisms from the top and from below (checks & balances);
- avoids confusion and duplication by establishing appropriate co-ordination mechanisms; and
- interlinks decentralisation and democratisation by institutionalising public participation and public-private partnerships at local level.

Fig. 10: Decentralisation: Prerequisites, Objectives and Risks



Promoting decentralisation as part of RRD requires interrelated interventions at different levels:

- At inter-governmental level rural regions will have to play a role in the decision-making processes on the pace and the design of a decentralisation of powers, responsibilities and resources. Strategy components 36 to 41 deal with these national policy aspects.
- At regional or local level decentralised government units have to be capacitated to manage their new responsibilities. Strategy components 42 to 49 deal with such regional level tasks.

36. Taking a long-term struggle into account

Any decentralisation support strategy has to accept a long, potentially conflicting and partly contradictory stop-and-go process. During such a process

- a powerful decentralisation *promotion agency* close to the national power centre needs to be established to steer and coordinate the inter-ministerial and inter-governmental process required to make decentralisation effective;
- an inter-ministerial *implementation programme* has to be agreed upon, which settles crucial operational steps with regard to the transfer of staff, finances and facilities;
- the position of pro-decentralisation interest groups has to be supported by establishing successful *models* of decentralised government in pilot regions and by lobbying;
- *compromises* have to be taken into consideration;
- *step-by-step approaches* should be designed;
- *differentiated decentralisation processes* may be followed in line with diverse interests and capacities of regions; and
- *capacity building* efforts for decentralised units have to be *harmonised* with the actual transfer of powers and resources.

Decentralisation support needs long-term involvement.

37. Checking what the local level can do better

According to the subsidiarity principle, roles and responsibilities have to be allocated to the different levels of a system of governance such that higher levels do not takeover functions that can be adequately fulfilled at a lower level. This means:

Not *all* functions should be decentralised to the lower level, but only those which can be done there at least as well as at a higher level, taking given capacities into account. Thus, the principle of subsidiarity is in favour of a *system of shared*

responsibilities between different levels of government, which may differ from country to country and even from region to region. While in a highly urbanised region local government may be better able to ensure proper health or water supply services than a regional or national department, it may be the other way around in rural areas.

In case of low-capacity rural areas this may mean that

- *regional-level professional support units* may be established to cater for those professional capacities which cannot be placed at each local government unit; and
- *national sector departments* may still have a *strong role* to play in providing professional capacities and guidance to subject matter specialists working at regional or local level.

The principle of subsidiarity, if properly applied, will result in a more appropriate allocation of *existing* personnel resources, rather than in an additional hierarchical level of bureaucracy.

Certain national-level priorities and policy guidelines may not be in line with the priorities of local leadership (e.g. poverty alleviation or environmental sustainability). In such cases;

- the responsibility for setting *policy guidelines* and principles and for monitoring their implementation should remain with the *national level*; and
- funds for programmes supporting such policy guidelines (e.g. poverty alleviation programmes) should continue to be controlled by national government rather than left to the discretion of local governments.

38. Right-sizing decentralised units

Adjusting the type of tasks of a decentralised unit to its capacities is one way of dealing with limited personnel resources. Adjusting the size of decentralised units to the available capacities is another way. For example, if there are 400 municipalities but only 100 potential municipal planners, it may be best to concentrate the planning function at a higher (regional) level by establishing planning support units for municipalities. Alternatively, the number of municipalities may be reduced, by making one out of four, so that each of the enlarged units can be provided with a planner.

While larger units may help to economise on the utilisation of scarce resources, they tend to compromise the advantages of closeness to the people, thereby reducing the possibility of people's participation. *Multi-tier decentralised units* may be a compromise for this dilemma. Political functions, as well as certain functions of self-administration of public facilities (e.g. by user groups), can be handled on a more decentralised level by smaller units, while other technical and administrative support

functions may be handled on a higher level, where such capacities can be afforded and efficiently utilised¹².

39. Alignment of sectoral and regional/local programmes

National sector programmes are necessary to ensure orientation towards common principles and standards and to make best use of limited professional specialists' capacities. Such national programmes, however, often fail to reach the people on the ground. There has been little, if any, evidence of a pro-poor allocation of sector budgets. Regional and local programmes are necessary to adjust public sector expenditure to the needs and priorities of the people and to the local conditions, to establish a functioning service relationship with the clients or target groups and to co-ordinate activities of different sectors in terms of geographical space and time. Regional programmes, however, need to be informed by nation-wide sector-specific principles and by sector specialists' know how. To make use of sectoral professional competence in a situation and target group specific manner, sectoral national programmes and local needs and initiatives have to be linked by regional programmes. The regional level, thus, is the *forum where "people & places" meet "sectors & subjects"*. This can be accomplished by:

- a system of *negotiable funds* managed by local/regional government for financing programmes which have to be designed in consultation with the sector agencies in charge;
- a *co-financing system* through which funds from national sector departments are available as supplementary finance for local/regional projects;
- a *co-ordinated planning and decision-making process* through which regional/local and sectoral plans, programmes, guidelines and budgets mutually inform each other;
- providing more autonomy and flexibility for decentralised units of sector ministries/agencies for location-specific adaptation of sector programmes and for inter-sectoral co-ordination.

Such arrangements for mutual co-ordination are not only necessary to identify appropriate programmes, but they can also assist in overcoming local level capacity constraints, and in establishing systems of checks and balances in order to avoid mismanagement of public resources.

40. Avoiding unfunded mandates: designing fiscal decentralisation

Rural local or regional government usually suffers from limited local revenue sources. In most countries local taxes are related to local business volume, which discriminates against poor rural regions. Moreover, tax collection is more complicated

¹² It is possible, for example, to split political and financial control of funds in way, that decisions on the utilisation of a fund are made at the lower level for a smaller unit, while the accessibility of such funds is managed at a higher level.

and burdensome in rural areas with a low proportion of wage-income earners. In addition, there is more resistance against payment among rural people who may, as yet have received little benefit from the state. As a consequence, most rural councils do not have sufficient financial resources to fulfil even the minimum responsibilities given to them. They have to apply for funding from national programmes. Thus, the incentive system for the decentralised government unit is distorted: Instead of being forced to make most effective use of a given amount of own financial resources which would encourage careful consideration of different options, local or regional authorities are encouraged to submit wish lists without cost-benefit considerations according to the rule “the more you ask for, the more you get”.

Thus, a crucial factor towards successful decentralisation is that *decentralised units are in control of funds at their own discretion in accordance with the mandate given to them*. To encourage effective utilisation of such funds and to create trust among the tax-, fee- or ratepayers it is crucial to *establish mechanisms of financial accountability through a system of combined controls from inside, from below and from above*. Guiding **principles** for such a system should be:

- Ensure a high share of *local revenue sources* (related to economic potential) in order to enforce accountability towards local tax-, rate- and fee payers;
- Give *preference to user fees* (e.g. for health, education or water services) rather than general taxes, in order to establish a close performance-related link between payment and provision of services;
- Enforce *transparency of budgets* and actual expenditure;
- Establish *financial control mechanisms* inside the administration and between the administration and the councils;
- Establish *financial reporting and auditing systems* between different levels of government. In particular funds provided from outside and above need to be controlled from outside and above.
- Provide *incentives*, which relate the provision of national grants to financial performance;
- Provide *multi-purpose funds* from national level, which can be used at the discretion of local/regional authorities (but in line with agreed principles);
- Allow for national *co-financing funds*, which offer the opportunity to get more (co-financed) money, if the planning process and the proposed programmes are in line with agreed quality standards. In order to avoid that all co-financing funds will go to the better-off and better resourced regions, the amounts have to be allocated per category of region or municipality; and
- Establish *inter-regional financial redistribution* mechanisms, which can balance differences between rich and poor regions as well as establish a mechanism of horizontal accountability.

These guidelines indicate that lack of confidence in the financial performance of decentralised government units does not imply that they should not be provided with financial resources, but rather, systems of incentives and controls, which encourage and enforce good financial management, should be established.

41. Establishing political accountability through control from above

Decentralised systems are not automatically more accountable just because government is closer to the people. Accountability and transparency is something which needs to be developed. As the relationship between the citizens and a local or regional council or administration may not be sufficiently close, and as it may be characterised by dependency between the people and the leaders, one cannot rely on control from below only. In a clientelistic relationship, accountability is not assessed by the people in terms of effective and proper utilisation of public funds, but in terms of donations given to the electorate, to the clients. In such situations political accountability towards higher levels of government has to supplement the control from below.

Mechanisms of political accountability as part of a mutual system of checks and balances are:

- Establishment of legally regulated control and supervision mechanisms to ensure compliance of local level management with defined principles and procedures.
- Mutual *agreement* between representatives of the different levels of government *on principles* and related indicators of good governance (e.g. in terms of poverty alleviation, gender equity and environmental sustainability).
- *Performance management* assessment reports based on such criteria and performance indicators. Joint inter-governmental teams should be involved in the assessment at all levels.
- *Joint planning workshops* with representatives from different levels as a means for decentralised units to operationalise policy guidelines in the local context.

42. Establishing political accountability through control from below

The impact of decentralisation on local development will be positive only if it is accompanied by efforts to strengthen local democracy. There are two interrelated elements of local democracy:

- *Public participation* in the decision-making processes of the local or the regional government (see also strategy components 21 to 28).
- *Accountability and transparency* of the local/regional government towards the public.

Participation processes can help transform clientelistic relationships between people and leaders into more performance based and functional relationships, thereby creating the basis for a more performance oriented system of *accountability*.

Participation is a prerequisite for a *transparent performance management system, which allows the public*, or at least the population groups directly concerned about a certain programme, to follow-up on the progress of implementation of the planned programmes. Other prerequisites for performance-related accountability have to be created at community level through formation of functional groupings (e.g. user groups), which are characterised by a functional rather than patronage-type of leadership.

Accountability relies mainly on in-built systems and mechanisms, which to a large extent have to function irrespective of the good-will of the leaders in power. But accountability will only continue to function if people continue to ask for it. Increased involvement by representatives of the stakeholder or target group organisations, of community organisations and user groups in participatory processes on issues of local/regional relevance, will increase the likelihood of councils becoming more representative, more performance driven and more democratically oriented.

43. Supporting autonomy without disintegration

Decentralisation may result in:

- disintegration, frictions and contradictory investments along the borders of adjacent regions;
- increasingly regional disparities as a result of uneven distribution of resources, with rich regions being able to afford higher quality public services, thereby becoming even more attractive for private investment while poorer regions may enter a downward spiral; and
- unhealthy competition by means of ruinous subsidies, duplication of investments (which then become unviable), or attempts to externalise costs and environmental damages.

Horizontal coordination between local or regional government units is consequently a crucial aspect of any decentralised system, to avoid wasting resources, conflicts and disintegration. Such co-ordination needs to be institutionalised to work in cases of conflicting interests. Horizontal coordination mechanisms include:

- Interregional coordination committees as part of every regional development planning process;
- Special task teams for cross-border issues;
- Exchange visits;
- Institutionalised forms of co-operation in specific fields like transport or planning; and
- Formula-based mechanisms for financial redistribution between regions or municipalities.

44. Managing a decentralised planning and budgeting process

Arriving at appropriate development programmes and budgets for decentralised government units requires a consultative, systematic, strategic and action-oriented decision-making process, rather than relying on a compilation of departmental “routine” expenditure lists. Such a planning process requires the involvement of the heads of a regional/local administration, of all sector specialists, of the politicians (councillors) and of representatives of the public. All of these need to be equipped with *planning tools* and with *capacities* to play their new roles in such a process. Not everybody has to become a planner in order to participate constructively in a regional/municipal development planning process:

- The *senior management* must be enabled to organise the process and to engage, manage and control professional advisors or facilitators.
- The *sector specialists and technicians* must be enabled to relate their specific projects and programmes to the needs of the people, to overall regional visions and goals, and to contribute constructively to inter-sectoral teamwork.
- The *councillors* must be enabled to contribute to the planning process as representatives of the people and to help ensure that decisions are made in line with agreed policy guidelines. Moreover, they have to monitor the implementation process.
- *Professional planners and facilitators* have to be enabled to provide methodological guidance and to facilitate such multi-dimensional consultative processes.

However, capacity building for a consultative and implementation-oriented process means more than just training. It also includes:

- *Concept development* in the form of elaborating an appropriate planning methodology. Such methodologies cannot be transferred in a blueprint manner. They have to be adapted to local requirements and capacities.
- *Target group specific training* for the various role-players involved in the planning process.
- The establishment of *support systems* for integrated development planning which are accessible to those decentralised units, which cannot afford the necessary professional capacities as part of their in-house set-up.

45. Ensuring institutional preparedness for multi-sectoral co-ordination of implementation

Decentralised public management means multi-sectoral management and the coordination between local government units. This implies co-ordination within and between decentralised government units. These requirements also have to be kept at a manageable scale to avoid frustration and a negative impact on implementation performance. Co-ordination has to be optimised, rather than maximised.

Capacity building for appropriate multi-sectoral co-ordination, consequently, has to deal with two aspects:

- *Designing appropriate co-ordination mechanisms* which fulfil the necessary minimum requirements for smooth, co-ordinated implementation without taking too much of the staff's time from managing the implementation process. The guiding principle should be: Multi-sectoral planning, but sectoral implementation.
- *Enabling regional/municipal managers* to make competent use of co-ordination tools. Preparing and chairing of multi-sectoral meetings and identifying co-ordination requirements during implementation processes.

46. Setting up sound financial management systems

Proper management of funds is most likely the most complicated aspect of decentralised management. It has to be based on proper mechanisms of financial control. There is a wide range of financial management tools available that cannot be dealt with in this context. But there are some capacity requirements, which are specific to decentralised government in rural regions.

1. **Revenue collection:** Revenue collection systems based on fees (rather than taxes) can usually be delegated to local communities which can use part of the fees as operation and maintenance funds. This implies shared responsibilities and mutual control between community representatives and government field staff (like school headmasters or health centre managers). The persons involved have to be trained in the basic rules of bookkeeping and fund management. The members of local committees have to be trained in the basics of financial control (reading budget and expenditure reports).
2. **Budgets** for the council as a whole and for each programme have to become an issue of public information and debate. Budget speeches have to become an important public event. Budget summaries with lists of localised capital projects have to be submitted to the media to be disseminated through all public information boards and through representatives of participation forums or committees. Councillors have to be trained to analyse budgets and to report back to their constituencies.
3. **Expenditure and implementation control:** Oversight committees, which may be composed of representations of the councillors and civil society should be established and be trained in monitoring the financial expenditure and the physical aspects of all major regional programmes. They should report back to the council.

The higher the number of officials, politicians and residents in a region who are knowledgeable about budgets, costs, expenditures (i.e. the higher the level of financial transparency), the easier it is to ensure financial accountability from within, and thus a lower risk of misuse of public funds.

47. Providing an enabling environment for people's involvement

The task of a local or regional government is to provide opportunities for public participation. It is not necessarily its task to mobilise people (see strategy component 28). But even providing prerequisites for proper participation requires some **specific capabilities** which may have to be strengthened:

- Establishing a well functioning information system with routine information channels reaching the mostly scattered population in rural areas is a crucial prerequisite for public participation.
- *Councillors* have to become aware of, and acquainted with, their crucial role in involving the communities in their constituencies.
- Officials, including the field staff, have to learn to communicate with the public by way of dialogue, and to deal with them as clients. They have to learn to distinguish between issues which are relevant for public participation and those which are less relevant.
- Facilitation of participatory events (meetings, workshops) is a highly challenging task which requires not only process-facilitation skills, but also strategic planning skills and some technical know-how. In many cases mediation and conflict resolution skills are needed as well, to arrive at appropriate and acceptable solutions in the struggle for best utilisation of scarce resources. Identifying people with such competencies and providing them with additional methodological training is a key requirement for successful, decentralised governance.

A regional/local government should nominate a person who is put in charge of communication with the public and who acquires special training in preparing and **managing communication strategies**.

48. Managing partnerships

Providing facilities and public services is the responsibility of decentralised government. This does not necessarily mean that they have to be provided by state administration itself. If there are private businesses, private non-profit organisations or community organisations, which can do the job, those should be used to fulfil the public task in line with the principle of subsidiarity. Equally important are service partnerships between local government and decentralised units of sector ministries or corporate service providers. The more the capacities of a decentralised government unit are limited and the less the economies of scale allow an expansion of these capacities, the greater the range of tasks which need to be out-sourced or taken over by the communities.

However, out-sourcing does not mean getting rid of the responsibility. It means a shared responsibility and an intensive interaction. The officials in charge have to be enabled to:

- decide which tasks can be out-sourced and which tasks or responsibilities cannot be delegated;

- select the right partner by establishing appropriate tendering procedures and handling them effectively;
- draft clear terms of references and contracts with clear specifications of objectives, expected outcomes and procedures;
- manage the relationship with partners by providing necessary guidance, feedback and support; and
- monitor the projects and control the quality of the work.

Managing partnerships is an area, which is usually sensitive to corruption. Thus, it is a key factor in the performance of decentralised systems. Consequently, private-public partnerships have to be handled in a highly transparent manner, without being delayed by over-bureaucratic approval procedures.

49. Strengthening local capacities for conflict management

Decentralised systems are characterised by

- giving local government and the local society a stronger role in making decisions relating to change and to the utilisation of scarce resources, thus making the local arena an arena of struggles and conflicts; and
- an increased need for consultation, alignment and agreement between different regions, which implies increased potential for conflicts.

All government units and agencies involved need to become more conscious about conflicts related to their mandates and to be strengthened for conflict management. This can imply:

- reinforcing formal institutions of dispute management and making them more accessible and accountable to non-elite groups (local and regional courts, access to legal services, promotion of rights-awareness, civic education);
- identify and support informal institutions and mechanisms of dispute management (arbitrators, mediators, women groups, youths groups, traditional authorities where appropriate); and
- develop violence prevention and conflict management skills among multipliers in the public and private services (e.g. teachers, social workers, municipal officials, media).

C. Building community ownership

Local or community ownership is often expected to be the answer to all problems related to a non-functioning system of central bureaucratic control. But community ownership as such is not yet the answer – it is a tremendous challenge for the communities, which are expected to cope with such new tasks. And it is a strategic

challenge for those who are expected to enable them to cope. To get an idea of the concrete nature of the challenge, it is necessary to define in a practical manner, what “Local Ownership” may mean for rural communities. It includes:

- users care for tasks like maintenance of public facilities;
- users of public services control local government staff (like teachers, health assistants) and provide them with performance-related incentives; and
- users contribute to the running costs of public services (“cost sharing”) and exercise control over such financial contributions.

In “self help” projects, community ownership tends to include the task of contributing to the investment costs of public facilities by providing free labour or financial contributions.

To cope with such tasks, the members of a community have to be organised to a certain degree at least. Such community level organisations have to be seen as part of a service system. There is no scope for making basic public services like education, health, water, transport accessible for the masses of the population on an area-covering and sustainable basis without organised communities as active, contributing partners.

Regional rural development programmes, therefore, have to include strategies

- to keep required community responsibilities manageable and affordable;
- to ensure that community contributions are linked with or complementary to the performance of service partners;
- to ensure that the poorest are not excluded from services;
- to support the formation and development of community organisations;
- to design such organisations such that the organisational costs are affordable for its (potential) members; and
- to promote performance-based leadership.

Promotion of community ownership in the context of regional rural development should no longer be seen as a couple of isolated non-coordinated efforts of a few grassroots level support agencies, which tend to create a new dependency on their unsustainable service provision attempts. Instead, it should be viewed as *a co-ordinated area-covering effort to establish the foundations for a new and inclusive rural service system.*

50. Setting up fair and affordable cost-sharing systems

In many countries, there is no clear policy with regard to the nature and the extent of community or user contribution towards public services. Urban and rural people are

dealt with differently. And within rural areas the extent to which people are supposed to contribute by “self help” varies largely, depending on the service providing agency which sets the conditions. Setting community responsibilities too low may result in lack of ownership, overburdening the state, and a high risk for sustainability. Setting them too high may result in overburdening communities, causing undue stress on the livelihood systems of the poor, and leading to a breakdown of the service partnership.

It is crucial to arrive at a fair and feasible system of shared responsibilities, which ensures that community efforts and the contributions of providers of public services complement each other. The principle of subsidiarity, again, can provide some guidance in arriving at an appropriate system design. Uniformity of conditions, then, does not mean that each case is treated the same way (e.g. affordable community contributions may result in a lower share of the total costs if a water source is 100m below surface than it is if it is 5m below surface). There are services for which the standard and the costs may be at the discretion of a community, while a fixed cost contribution by the state may be appropriate (e.g. the choice of construction materials for a class room). And there are services for which certain quality standards may not be negotiable (e.g. security standards for a dam or the educational level of a teacher) and where a proportional share or a fixed contribution by the users may be appropriate.

Naturally, regional conditions play a crucial role in designing appropriate mechanisms for allocating responsibilities within a service system. Such decisions, therefore, should become part of regional development planning and inform sectoral policies.

51. Introducing performance-related cost sharing

It must be possible for users to control service providers and to respond to the quality of service provision, e.g. by refusing to contribute if the quality is unacceptable or by feeling encouraged to contribute more, if this results in improvements. From the perspective of service providing agencies, there is an additional point in favour of control by users. It is extremely difficult, especially in rural areas, to ensure high quality by control from above. Such control systems are hardly affordable and related sanctions from above are mostly not in line with the organisational culture of the service-providing agency. Incentives and sanctions from below are more effective in enhancing good performance. Therefore, cost-sharing systems have to be designed in a way, which allows the local staff of the service-providing agency (e.g. teachers, health assistants, extension agents) to benefit personally from the satisfaction of clients. Examples for such incentive-related cost-sharing systems are:

- Parent committees which can use part of the collected school fees for providing a topping up to the basic salary of a teacher;
- Health committees which can use part of the fees for medical treatment for a topping up for the health staff; and
- Communities which pay allowances if they request an extension agent to visit them in their village.

52. Access to basic services for the poorest

The necessity of users' contribution must not result in a situation in which the poorest have no access to basic services like water, primary education or basic health care. Besides keeping contributions affordable for the average user, this means that certain people get exemptions from such contributions. As it would be extremely difficult for the government to determine who in a rural community is entitled to get an exemption, the communities themselves have to determine who qualifies (see strategy component 18 on self-targeting). This requires flexible arrangements for the substitution of monetary contributions by contributions in kind. Communities have to be organised to a certain degree to manage such arrangements.

53. Providing organisational support to facilitate community ownership

For many rural communities it is a new type of responsibility to take over the ownership of public services and facilities. Existing local organisations may be not interested or not feel sufficiently equipped for such a task. Either a new organisational framework has to be established or existing organisations have to be strengthened to take over those new functions. If community ownership is a prerequisite for access to basic public or private services, government cannot wait and see whether such organisations will emerge. Support programmes have to be initiated to ensure that those communities which are prepared to enter into a service partnership, but which are not in a position to meet the organisational requirements on their own, can get access to organisational support.

Regional and local governments, which usually tend to struggle to get their own transformation process organised and to become a reliable service provider, have in most countries, not enough capacities to help communities get organised. NGOs are usually better equipped to support organisational development at a local level. As this is a temporary task, regional governments may attempt to get financial and professional assistance from international donor agencies to support it.

54. Keeping organisational costs affordable

Poor people, who are involved in a wide range of activities to secure their livelihoods, usually find it difficult to meet the time and resource requirements needed to get organised. This is especially true for poor women. Becoming a member of an organisation is, therefore, a requirement which tends to discriminate against already disadvantaged groups. Those who are involved in supporting the development of community organisations, therefore, have to do this in a way which limits the organisational burden. The following strategic principles should thereby be taken into consideration:

1. *Principle of subsidiarity*: In relation to community organisations subsidiarity means that a higher, i.e. more intensive form of organisation should only be chosen if a lower, less intensive form of organisation cannot fulfil the task. If an individual can do the job, do not encourage an organisation to do it. If a temporary organisation can do it, do not encourage a permanent one. If an

informal group can manage, do not encourage permanent ones, in order to keep organisational costs as low as possible.

2. *Form follows function*: This principle aims at the same direction as the principle of subsidiarity. It requires that the form of organisation is determined by the functions the organisation is meant to fulfil. In other words: Organisation is not a purpose on its own. Consequently, there are no appropriate forms of organisation as such. Each task, every function has its different organisational requirements. The size, membership and type of organisation which fits the function of joint savings is usually not the same as the size, membership and type of organisation, which is needed for managing the affairs of a primary school.
3. *Benefits to exceed costs*: An individual will only decide to become, or remain, a member of a certain organisation, when the (material or non-material) benefits of being a member exceed the costs of the required contribution. Only then will (or can) the organisation survive. Again, this principle forces those in charge to consider costs, which may mean, for example, reducing the frequency of meetings.
4. *Accepted distribution of contributions and benefits*: Only if members consider their contributions and benefits as fair in relation to those of other members, they will continue to be a member. This does not necessarily mean that the relation between contributions and benefits will be equal. A certain privilege enjoyed by certain people may be culturally accepted.
5. *Compatible interests of members*: the interests of the members do not necessarily have to be identical. One may aim for political power, another for access to a service and a third is interested simply in 'social togetherness'. But the varied interests of individual members should not be in conflict if an organisation is to stand a chance and be effective.

When getting organised on their own, people usually keep these principles in mind. Nevertheless, experience shows that support agencies tend to neglect these principles when designing organisational models. Thus, more attention needs to be paid to the aspect of organisational costs.

55. Promoting performance-based leadership

Poor people's access to services does not only depend on their contribution, but as much on their ability to articulate their needs and to exercise control over service providers, making them accountable to their clients. As long as the concept of leadership is predominantly based on clientelistic and patronage-type of relationships, poor people will be in favour of those on whose occasional gifts they depend, rather than support those who are more efficient in organising joint problem-solving action. Community organisations, besides being a necessary pillar for bridging the service gap, are usually a good arena for the development of a new type of functional leadership. If members find out that more sustainable improvements result from those leaders who are able to mobilise and organise joint action, than are achieved by those who deliver a donation from time to time, accountability will work in

favour of a new functional leadership. In this way, performance-related control from below will be encouraged. This, however, can be expected to be a long term process.

D. Intelligent service system solutions

The strategy components outlined so far focused on three aspects of a service system:

- an appropriate allocation of tasks;
- the empowerment to articulate demand for services; and
- the ability of the actors involved to cope with the task.

In rural areas of poor countries, the above is often not sufficient. The joint capacities of all actors are still too limited to bridge the gap with conventional approaches. Or some of the actors may not be sufficiently motivated to make all the additional efforts required under given frame conditions. In such cases (which seem to be the rule, rather than the exception), innovative approaches have to be found which help make the task manageable. The challenge is: Identifying appropriate ways and means of making the task easier, rather than putting all efforts into building people's capacity to tackle unnecessarily difficult or burdensome tasks.

56. Identifying appropriate technical solutions

Sometimes there are technical solutions for institutional problems. Where institutional transport is too costly, locally controlled non-motorised means of transport may help to bridge a service gap. Where an area-covering system of field agents is too costly to disseminate information, a radio programme may be more appropriate. Where a system of external input supply results in prohibitive costs for farmers, low external input solutions have to be found. Where regular supply channels for spare parts are not viable, solutions with reduced demand for such spare parts have to be found.

Technology and the performance of institutional systems are strongly interrelated. While intelligent institutional solutions can help solve technology-related problems, the cases in which intelligent technical solutions can overcome institutional constraints are equally important.

57. Promoting information and communication technology

In specific cases the investment in Information and Communication Technology (ICT) can be an appropriate solution especially in a regional setting. Carefully designed and applied, ICT can be used as a powerful tool creating opportunities to bridge the "Digital Divide". This real and growing digital divide is not just about access to computers or telephones, it is a deeper and more profound divide that reflects and reinforces more fundamental economic and social divides between and within countries. Knowledge and information are increasingly central components of innovation, growth and sustainable development. Bridging the digital divide is not simply about giving people access to tools. It is about creating policy and regulatory

environments, institutional frameworks, and human capacities that foster information flows, innovation, and effective use of knowledge resources in every dimension of sustainable development, from health, agriculture, natural resources, medicine and education to trade and economic development and effective governance. Furthermore, access to information and communication technology can promote transparency and democracy in a substantial way.

Providing smaller, less expensive and user-friendly technology, ICT can help to open up marginal regions. This plays a crucial role in the provision of services as people have easier access to information. Examples of ICT at regional and local level could be the promotion of public telecom-centres or village cell phones.

58. Identifying appropriate institutional solutions

Service providing organisations with insufficient financial and personnel resources generally do not fulfil their tasks in the most cost-effective way. This is often a result of interventions of external aid agencies, which do not sufficiently recognise the given capacity limitations. The most expensive models of agricultural extension (e.g. based on systems of fortnightly visits) and of prioritising community needs for public services (e.g. based on five-day joint workshops of government staff and village population) are not found in rich countries, but in the poorest rural areas of poor countries. Thus, there is usually some scope for identifying alternative, affordable and manageable ways of organising rural service systems. Where professional staff and transport is scarce, systems that require less intensive direct communication have to be found. Where there is hardly any time left for managing the actual provision of services due to excessive coordination requirements, intelligent coordination procedures have to be found that can ensure the necessary minimum coordination while reducing time requirements. Where there are no resources to interact with individuals or small groups of 5-10 clients, ways and means have to be found to communicate with self-organised groups of 20 or 30 clients. To encourage the search for intelligent (i.e. appropriate) organisational solutions requires a major rethinking by development professionals who, hitherto tend to discourage such efforts by providing temporary finance for artificially high effort solutions.

59. Providing more incentives, less control

Control is usually more expensive than incentives. Decentralised service systems cannot be managed effectively without checks and balances. Intelligent solutions, therefore, are characterised by using incentives as much as possible as a means of achieving the required performance.

Where it is not possible to ensure good performance of government field staff by control from above, one may design remuneration systems which link their actual level of income to the level of satisfaction of the clients. Where it is not possible to ensure minimal corruption in revenue and fee collection systems by control, such tasks may be out-sourced on a commission basis to agents who benefit from performing well. Where there is little motivation to follow national policy guidelines such as inclusiveness, poverty alleviation, participatory decision-making, cost-

effectiveness, the allocation of funds to service providing agencies can be linked to the compliance of their plans and programmes to such policy guidelines and to their actual implementation performance in that regard.

60. Balancing demand and supply orientation of rural services

Supply-orientation tends to provide services, which are not wanted and not needed (at least not in that quantity or quality). Thus, service costs can be reduced, if services are provided in a more demand-driven manner. Demand-oriented service systems, however, tend to neglect the needs of those who cannot articulate their demand, e.g. children's need for education, aged people's need for health care, future generations' need for an intact natural environment, poor people's need for basic services like water.

Consequently, intelligent solutions are required which take the rationale of demand-orientation and its limitations into account equally, when identifying service systems for different types of services. Basic social services and environmentally oriented services will usually need a stronger supply-driven design, while services related to economic activities have more scope for demand-driven designs. They should be accessible to interested users, but not necessarily provided according to a predetermined schedule (e.g. agricultural extension). Going for more demand-driven services can reduce organisational capacity requirements, but it needs efforts on the side of (potential) disadvantaged service users to strengthen their capacity to demand services (see section 2/III/C).

The more it is possible to identify such „intelligent“ solutions to overcome capacity and interest-related constraints of rural service systems, (rather than trying to fill the gap by establishing additional capacities) the more likely it is that sustainable service systems as a basis for sustainable regional rural development will be attained.

E. Acknowledging the role of traditional authorities

In many rural areas, traditional authorities play a central role, which also affects development-related decisions. The most prominent roles are:

- management of land allocation, land use and natural resources;
- customary law, conflict resolution, peace and order; and
- representation of communities.

These roles partly overlap with the roles of (local) government or with envisaged roles of community organisations (e.g. in the field of community-based land use planning). The legitimacy of the power of traditional authority is arguable, however:

- It is not a democratically based power (even though it may be legitimate in the view of the local population), and it may reinforce a clientelistic and patronage based power system;

- In many areas, traditional authorities and certain traditional leaders have been discredited by the role they played in the past, or they may have a very weak role and basis of legitimacy.

On the other hand, traditional authorities can be conducive to processes like community ownership, local leadership and conflict management.

While the formal role of traditional authorities is entrenched in the constitution of most countries, institutional strategies and concepts for regional rural development can find innovative institutional arrangements, which consider this role in a way which advances the development of rural communities.

61. Recognising traditional authorities as stakeholders in promotion of RRD

The way the role of traditional authorities in regional rural development and in decentralised democratic governance is defined should be guided by the aims of

- making the best use of traditional authorities' capacities;
- avoiding conflicts resulting from their power to obstruct certain forms of development; and
- be careful not to compromise the move towards a democratic and accountability-based system of local governance.

Depending on the actual powers, roles and legitimacy of traditional authorities in a specific geographic area, these aims will result in *situation-specific compromises* between the principles of traditional leadership and democratic governance. Such compromises should always be guided by two *basic principles*:

1. Providing traditional authorities with a special status within democratic institutions (e.g. as nominated members or ex-officio members of a local government assembly or as members of a special body like a 'House of Chiefs' with special mandates) while not compromising the democratic rules of the game, of which they are part; and
2. Setting the institutional frame so that legitimate and strong traditional leaders are given the opportunity to play their due role without strengthening the role of weak and non-legitimate traditional leaders.

Traditional authorities should be considered as potentially important **stakeholders** who should be involved according to their actual importance in a region and in a certain field of intervention. The training of traditional authorities should be offered, in accordance with their defined roles and the new requirements of that role (e.g. modern techniques of land use planning and management).

IV. The Ecological Dimension: Managing Natural Resources in a Sustainable Manner

Sustainable rural livelihoods imply the sustainable management of natural resources. Natural resource management (NRM) requires a multi-sectoral and regional approach plus national level interventions. Mostly, resources are already overused and heavily degraded. In view of the limited external resources, strategies of low-level and conservative use of local resources and the creation of alternative income sources are needed. Where certain natural resources are heavily over-utilised, stabilisation may only be possible if alternative locations or income sources as well as measures in the field of family planning or migration support are taken into consideration. Consequently, each regional rural development approach has to include the dimension of sustainable natural resource management.

In many rural areas¹³, efforts to avoid further degradation of natural resources and to establish sustainable systems of resource management face a range of **obstacles** that require strategic answers:

- Sustainable utilisation of resources affected by degradation usually demands *investments* in terms of labour, land or money, which, once invested, can no longer be used for immediate consumption. Poor rural households find it difficult to afford such investments.
- In many cases extreme poverty and the abundance of natural resources occur together in the same region. *The use of these resources is often disputed* within the local society (social levels, gender, ethnic groups) or between local people and external users.
- A crucial prerequisite for sustainable rural development and investment in natural resources is the *security of access* to these resources, including land tenure. This prerequisite is not sufficiently met in many rural regions.
- Sustainable resource utilisation cannot be achieved only by improving management practices of individual small-holders. The management of ecological entire units, like watersheds, habitats or eco-regions, has to follow a common strategy. Besides these ecological aspects, social organisation and cultural background are important factors of sustainability. Effective measures require *joint efforts by communities* and *binding agreements*. This is linked to the necessity to solve conflicts between different types of resource users. Many rural communities lack the necessary *organisational capacity* for joint action and enforcement of agreed rules.
- Natural resources are often *public goods*, which are free of charge and of unrestricted use. As ever more users depend on ever diminishing resources, these traditional practices, at times, result in *a growing degradation and pollution* of the

13 This applies especially towards the following types of regions: Tropical rainforests, mountain areas, semi-arid regions affected by desertification.

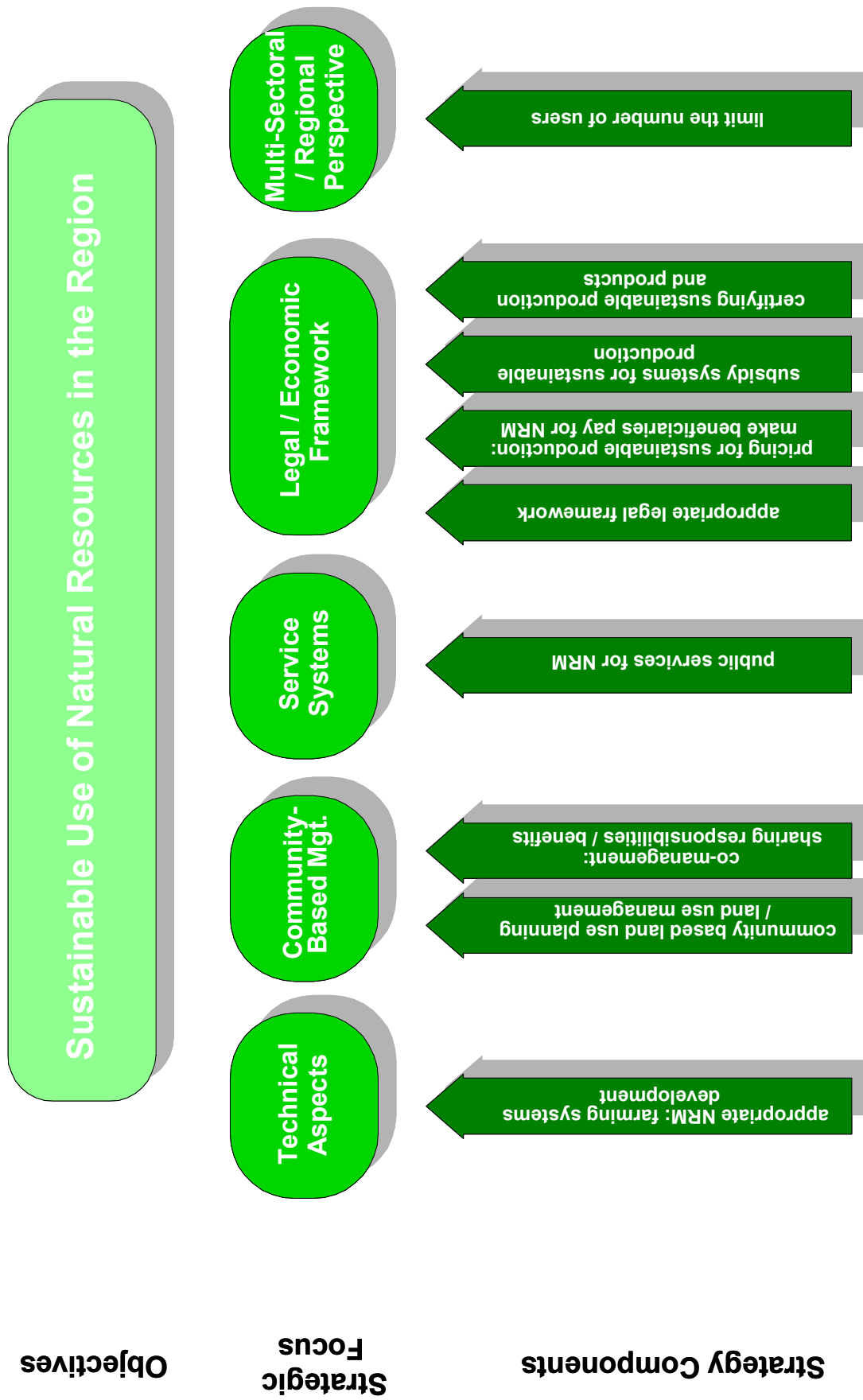
environment. Goods produced from unrestricted access to, and destructive extraction of natural resources, do not include the costs of sustainable production. Hence, goods from sustainable production are hardly competitive on the market.

- The co-existence of traditional, postcolonial and modern political structures in developing countries is often a reason for over-utilisation and degradation. Competing leaders tend to exploit the natural resources for their own benefit. Often rules and legal systems are in contradiction resulting in the virtual *absence of coherent legislation and law enforcement capacity*.
- In an increasing number of areas the population can no longer be sustained by the natural production capacity, even if modern resource utilisation strategies and technologies are applied. *Diversification of income sources* has to be considered as a means of preserving the remaining resources.
- In most countries, there is *no appropriate service and extension system* for natural resource management. The responsibilities for natural resource management are split between different government departments with different approaches (e.g. agriculture, forestry and wildlife).

To meet these challenges, RRD's **ecological strategy components** follow a multi-sectoral and regional approach to natural resource management, which incorporates a number of focuses (see also fig 11):

- A. The identification of appropriate *technical* solutions for more sustainable resource management systems (strategy component 62).
- B. Establishing *organisational frameworks* for well-functioning *community ownership* (or co-ownership) and management of natural resources (strategy components 63 and 64).
- C. Getting appropriate *service systems* for natural resource management in place (strategy component 65).
- D. Providing *incentives* for sustainable natural resource management by appropriate *legislation* and *pricing systems* for sustainable production (strategy components 66-69).
- E. Adopting a multi-sectoral and multi-regional perspective within which *alternative income opportunities* can be supported as part of a package approach which aims at *limiting the number of resource users* (strategy component 70).

Fig. 11: The Ecological Dimension



A. Technical aspects

62. Identifying appropriate NRM techniques: Farming Systems Development

Natural resource management means the sustainable utilisation of natural resources (e.g. forestry, wildlife, fisheries) for securing a livelihood or income. Accordingly, it is part and parcel of farming or natural resource management systems development, and should therefore be dealt with as an integral aspect of a farming systems oriented research and extension approach. In this context, the importance of both agricultural and non-agricultural natural resources has to be recognised. The methodology of farming systems development should therefore be applied to the utilisation of other natural resources as well. The farming system approach takes both immediate needs and sustainability considerations into account. It helps define solutions that are sustainable and profitable for the users. This implies:

- searching for technical solutions which help secure better livelihoods while avoiding degradation of natural resources;
- assisting with the development and application of simple tools to calculate the economic viability of different production systems compared with other income opportunities, taking market conditions into consideration;
- looking for new or complementary products and income sources, which can be obtained from natural resources; and
- developing solutions together with resource users based on local and external know-how, and contributing to environmental awareness.

B. Community-based management

63. Agreeing on rules, control mechanisms and sanctions: Community-based land use planning and land use management

Rural areas are often characterised by common property regimes of natural resources. Communal land and common resources (especially forests, pastures and water resources) have to be used in a regulated manner in order to avoid degradation and conflict. But even the private use and ownership of land and resources may have to be restricted for environmental reasons. In most rural regions control by the state has not worked, while, at the same time, it has discouraged traditional mechanisms of local control. As a consequence, the establishment or revitalisation of *community-based and participatory land use planning or land use management*¹⁴ is seen as a crucial strategic approach to ensure sustainable management of natural resources in rural areas. Community-based land use planning and land use management (LUP and LUM) is characterised by:

¹⁴ While land use planning (LUP) is defined here as a systematic process of decision-making on forms of land use for a certain geographical area, land use management (LUM) includes any decision on the form of land use whether based on systematic analysis and area-wide plans or not.

- the principle of user ownership;
- consideration of local environmental knowledge, cultural views and traditional strategies;
- participation, dialogue, negotiation and reconciliation of conflicting interests;
- aiming at links between user responsibility and user benefits; and
- community control.

Participatory LUP/LUM, however, requires a legal basis (which may be a formal law or generally accepted traditional rules), some administrative law enforcement capacities, and organisational structures for joint decision-making and action. Unless these requirements are fulfilled, it is usually difficult to get community land-use plans implemented. In cases where such legal and administrative requirements are missing, there is the option of a more **pragmatic approach** towards improved community-based LUM characterised by:

- An *incremental* and problem-oriented case by case and step by step approach rather than a holistic land use plan;
- A *selective* approach focus on specific problem zones which need special protection or special development rather than an area-covering prescription of all forms of land use;
- An *implementation-oriented* approach which includes action plans for envisaged resource management measures;
- Application of the *counter-currency principle* which requires mutual linkages between local level LUP/LUM and regional level LUP/LUM (e.g. a regional land use plan has to incorporate a minimum of 100 local land use plans); and
- An approach towards land use analysis which *combines participatory bottom-up and technical top down tools* (like satellite images, aerial photographs, GIS) in an appropriate and cost-effective manner.

According to such a pragmatic and needs-related approach towards LUM/LUP, land use planning will play a major role in the following cases:

- a degradation of natural resources;
- resource utilisation conflicts;
- land reform programmes;
- development of unutilised areas or under-utilised resources;
- the management of protected areas; and
- public infrastructure.

Even a pragmatic and focused LUP approach is far more than a technical tool. It requires institutionalised participation mechanisms (see strategy components 21 to 28), culturally adjusted and task-related low-effort forms of community organisations (strategy component 50 to 55), the strengthening of appropriate conflict-resolving mechanisms (strategy component 49) and well established linkages to a decentralised service and support system (see chapter III: The Political and Institutional Dimension).

64. Sharing benefits and responsibilities: Co-management

Often, rural people do not hold ownership of natural resources in their area and do not benefit from them (e.g. as in the case of protected areas, national parks and game reserves). Hence, rural people do not have a long-term interest in sustainably managing natural resources in their area. Legally recognised ownership and direct and indirect benefits can mean incentives for local resource users to utilise and manage natural resources in a sustainable manner in their own long term interest. Appropriate co-management arrangements can integrate natural resource management and conservation with rural development. 'Co-management' is a situation in which two or more social actors negotiate, define and guarantee amongst themselves a fair sharing of the management functions, entitlements and responsibilities for a given territory, area or set of natural resources. It aims at the equitable sharing of resource-related benefits and responsibilities.

Co-management approaches have to be sufficiently institutionalised and legalised. It is important to promote policies and legislation that increase local responsibility and ownership over natural resources, such as forests and wildlife. In return, local residents can benefit financially from increased natural resources through a range of activities. In addition, linkages with the private sector and NGOs can be conducive to the successful implementation of co-management activities.

C. Service Systems

65. Providing necessary public services for NRM

The establishment of service systems in the field of natural resource management faces some specific challenges:

- NRM-related services do not usually meet a strong demand from clients. It is rather the other way around: Service providers have to work hard to convince their "clients", or they have to provide incentives for the use of their services. This limits the applicability of demand-oriented partnership approaches; and
- NRM-related services require a multi-sectoral approach whereby agricultural, forestry and wildlife specialists have to join efforts at community level.

These two challenges are extremely difficult to meet within an institutional environment that can only provide small budgets for extension services. Hence, service systems in the field of NRM only work successfully where supplementary

external funds are made available. Sustainable service systems, financed exclusively by local resources are virtually unknown in most of the poor countries.

In cases where government's cannot afford the establishment of permanent area-covering service systems for natural resource management, there may be no other option than initiating temporary donor-supported action programmes aiming at

- accomplishing the necessary changes in the resource management system (e.g. soil and water management systems of catchment areas);
- establishment of community-based management systems for any further adjustments and for a highly self-reliant management of the new system; and
- strengthening the public service system to assume its official core functions in cooperation with community-based resource user groups within the available human and financial resource frames.

Such temporary interventions could help align the approaches of different sector departments and get relevant research and knowledge management units established and accessible for organised communities at district level.

D. Legal and economic framework

66. Contributing to an appropriate legal framework for land and natural resource use and tenure

In many societies, there is an urgent need for a new appropriate legal framework for land tenure and for the use of natural resources. This is due to the fact that traditional norms and practices are either vanishing or unable to cope with the challenges of increased population densities, migration, etc., while modern tenure systems have yet to take over, due to pending or inappropriate legislation. As a result, there is often a situation of insecurity of tenure which contributes to the overexploitation and degradation of natural resources.

Establishing a legal framework for land and natural resource use and tenure is usually not a regional but a national responsibility. Nevertheless, regional level authorities, stakeholders and resource persons have to contribute to the legislation process, for it to be adjusted to local conditions and requirements. In addition, they need to assist in putting legislation into practice by working out procedures and support measures for effective and appropriate implementation, and thereby improving the capacities of local institutions in land management.

As a **guiding principle** the design of land use and land tenure legislation should:

- assure *security of tenure* in order to ensure that users are willing to invest in long-term improvements, as well as
- assure the *broad access* to land and other resources, in particular for women and other disadvantaged groups.

There is no blueprint solution for combining these two, partially conflicting, principles. The appropriate system depends on the natural environment, on the predominant types of land use, on the effectiveness and fairness of the present system, on the support of the users and of those in charge of regulating access and utilisation (e.g. traditional authorities). Considering the wide range of different types of user rights, it should be possible to identify appropriate trade-offs between the two principles of security of tenure and broad access.

Especially in regions where traditional tenure systems and rights still play an important role, the reconciliation of traditional and modern tenure systems can be a relevant strategy to ensure tenure security and to maintain broad access to land at the same time. This implies that traditional rights and systems are recognised and checked for their effectiveness and that representatives of the traditional system are involved in the reform process.

67. Pricing for sustainable production: Make the beneficiaries pay for NRM

In most cases, the application of sustainable resource management methods means a loss of income to the user, at least in the short term. Unless users benefit from conservation management, they will opt for short-term exploitation. Sustainable NRM, therefore, is not just a matter of management techniques, control, and support, but it is also matter of benefits and incentives. Benefits of sustainable NRM either come about some time in the future (in terms of increased soil fertility, avoidance of degradation and productivity losses, or fruits from trees for example), or they are enjoyed elsewhere, perhaps by somebody else (e.g. downstream, in towns, by tourists or by mankind in general).

Where the resource users themselves can achieve future benefits, the best possible incentive is tenure security, i.e. the security to enjoy the fruits of hard conservation efforts. Where other people enjoy the major benefits as end-users, any sustainable NRM strategy has to be based on the *principle of compensation*: Beneficiaries have to pay for environmental services such as availability of water, reduced risk of floods, pleasant landscape, game viewing, better climate, non-poisoned food, etc.. And those providing these environmental goods have to be remunerated accordingly.

The way this compensation for environmental quality can be organised depends on the type of relationship between producers and consumers or beneficiaries:

- If there is a direct relationship, as in the case of neighbours, adjacent communities or tourists visiting the protected environment, compensation arrangements and prices can be locally negotiated and a regional government can design compensation systems based on those arrangements.
- If it concerns a long-distance relationship and if the link between the producers and beneficiaries cannot be traced or specified, the compensation must be arranged through government taxes and subsidies (see strategy component 68).

- If it is a long-distance relationship related to specific consumer goods (tradeable commodities), certification may be an appropriate strategy (see strategy component 69).

68. Designing subsidy systems for sustainable production

Subsidies are a problematic tool, as their sustainability and replicability is questionable. They tend to get recipients involved in activities which are not necessarily meaningful to them. Nevertheless, subsidies for external inputs may be a necessary tool for NRM if;

- resource users are not in a position to afford the investment costs for temporary amelioration measures;
- the causes of degradation are not the responsibility of present resource users; and / or
- population groups not engaged in NRM activities take advantage of the environmental benefits.

To avoid subsidies resulting in misallocation of resources, any subsidy strategy must be carefully designed, well targeted, and fine-tuned with regard to the subsidy-level, in order to be replicable and sustainable (see strategy component 8).

69. Certifying sustainable production and products

An important instrument of sustainable management of natural resources is certification. Certification already exists for a number of products linked with the exploitation of natural resources (agriculture, livestock, wood and non-timber forest products, but also tourist products) and, in a wider sense related to environmental friendliness (carbon sequestration). Forest certification is well known and has become more than a label for eco-timber. It includes the development of national standards for sustainable forest management, the application of these standards in regional forest management, the tracing of products from the forest to the finished product (chain of custody) and the labelled marketing at a special price.

The economic effect of certification as a market-oriented instrument is only one aspect. The process of defining national norms implies, as an important side-effect, an intense discussion and a growing social conscience about sustainability and responsibility. Agencies and specialists with knowledge on local production and resource utilisation systems need to be involved in defining such norms, in order to ensure their appropriateness with regard to location-specific conditions and production systems. In the case of a flexible application of norms and standards in the area of sustainable production, the relationship between the consumer (who is expected to pay more) and the producer (who is expected to invest more) is basically a matter of trust in the institutions responsible for certification. Local institutions may need some initial support in establishing such a trusting relationship.

E. Multi-sectoral and regional perspective

70. Supporting options which limit the number of resource users

In densely populated rural areas with degraded or endangered natural resources, technical solutions together with better services and incentives may not be sufficient to ensure sustainable livelihoods for a growing number of people. There may be no alternative to limiting the number of resource users. In this case other components of the multi-sectoral RRD approach have to come into operation in a complementary manner. This may imply:

- helping migrants to successfully settle in other areas;
- creating jobs and income opportunities which do not rely on endangered natural resources; and
- promoting measures in the field of family planning.

Such complementary measures indicate the necessity to plan natural resource management incentives as part of a regional, multi-sectoral and livelihood-oriented rural development programme.

Part 3 The Role of Development Cooperation

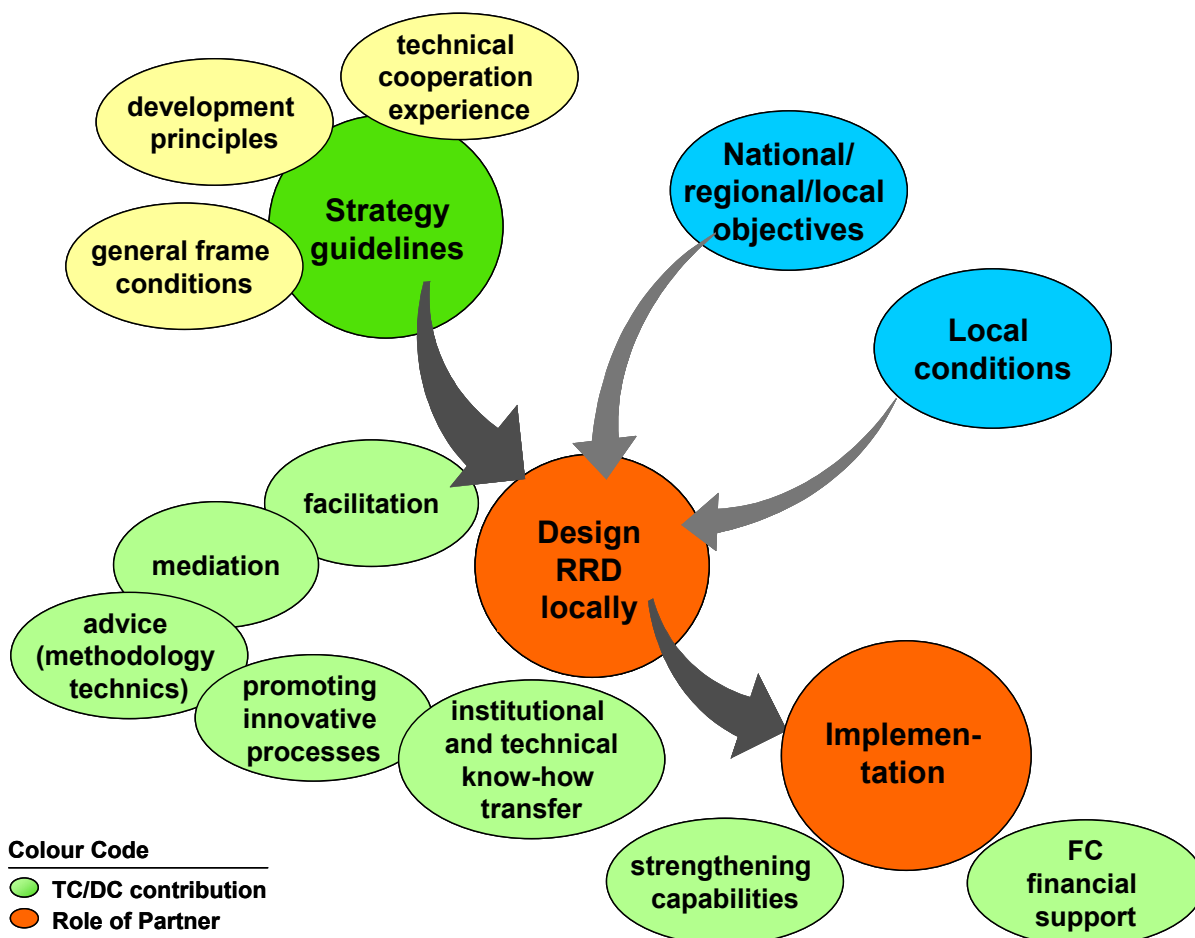
RRD related Development Cooperation offers support in the different phases of the development process (see fig 12):

The **general strategy guidelines** are developed under consideration of the frame conditions in developing countries, the development principles and the analysis of technical cooperation experiences worldwide. They are compiled as guidelines and offered to regional actors for general orientation.

In a **specific RRD project design** the development cooperation promotes the application of the general strategy guidelines taking into account the local conditions and the national, regional and local objectives. Regional decision makers are in charge of designing the RRD process locally. Development cooperation contributes with facilitation, mediation, methodological advice, the promotion of innovative processes and institutional and technical know-how transfer.

During the **implementation** of the development concept, development cooperation can play a decisive role by strengthening capacities of regional and local actors and by providing capital through Financial Cooperation.

Fig. 12: Positioning the Strategy Guidelines in the RRD Process



Development cooperation is meant to be a temporary external contribution aimed at improving the long-term performance of crucial, but deficient systems (such as institutional systems, market systems, natural resource management systems) in the partner country in a way which provides certain population groups with better opportunities and/or capacities to solve their problems.

The typical type of contribution provided by technical cooperation is two-fold:

- Concept development (i.e. identifying appropriate solutions); and
- Capacity development (i.e. enabling people and institutions).

In the specific historical context of Regional Rural Development, the role of development cooperation is closely related to *transformation management*. In times of globalisation, market liberalisation, privatisation, democratisation and decentralisation, most rural regions in less and least developed countries will have to undergo a fundamental transformation process to ensure sustainable livelihoods for rural people. Development cooperation can play a role

- by giving this transformation process an appropriate design and direction; and
- by providing the actors involved with the necessary capacities for transformation management.

In RRD the regional actors are from the spheres of government, private economy and civil society, and their relative strength and development is subject to the limits of a politically determined playing field. Nevertheless, they can influence the regional milieu even beyond these limits, as their best practises can give some innovative impulse to policy formulation at national level. Technical cooperation in RRD will thus foster not only a specific regional development process, but will also support mutual learning from the bottom up to inform policy design for regional development in general.

The scope for development cooperation in the RRD process

The concrete issues to be addressed as part of the transformation process in the context of Regional Rural Development are presented in the four chapters dealing with strategy components:

- *Economic strategy components*: designing market systems and developing capacities of the rural poor in a way, which enables them to secure, at least, their requirements for food and cash.
- *Socio-cultural strategy components*: establishing appropriate procedures and mechanisms for the democratic interaction between government or other service providers and residents or communities.
- *Political and institutional strategy components*: designing appropriate decentralised institutional systems, including service systems.

- *Ecological strategy components*: establishing appropriate natural resource management systems.

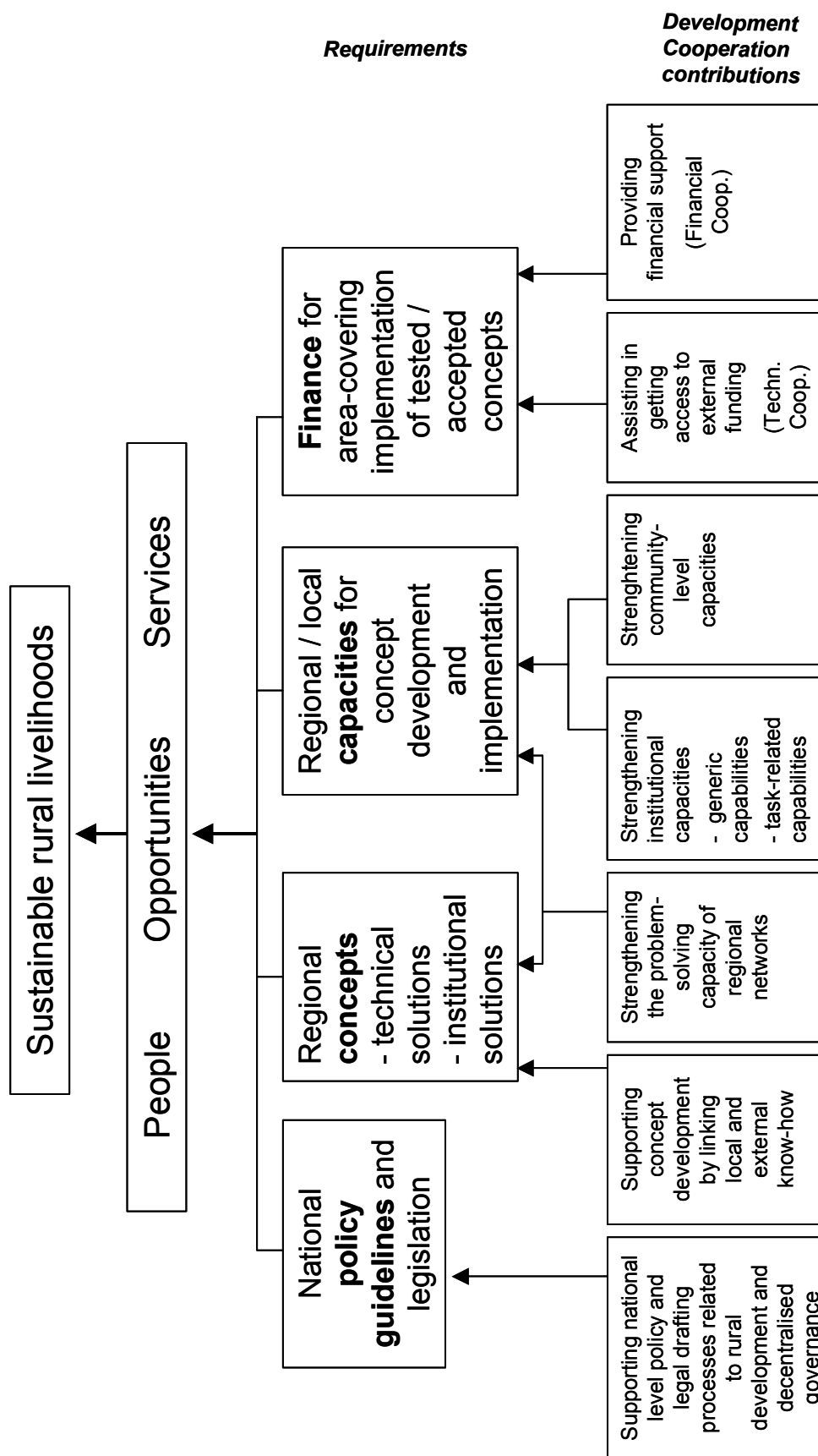
The focus of these transformation requirements may be different from region to region. But all these dimensions tend to be affected by the crucial changes in frame conditions which presently take place in most rural regions. While the transformation process will have to be planned and managed by the regional / local governments as part of their RRD programmes, **development cooperation** can provide important **inputs** to such transformation programmes by (see also fig 13):

- a. supporting the development of appropriate and localised *concepts* (taking the strategy components outlined in these RRD Guidelines into account);
- b. strengthening the problem-solving capacities of *regional networks*;
- c. strengthening regional and local level institutional capabilities (generic problem-solving capabilities as well as task-related capabilities of planning and implementing programmes in line with the identified concepts);
- d. providing financial support to the implementation of tried-and-tested viable solutions;
- e. support the drafting of relevant national policy frameworks; and
- f. connect the region to national and international programmes.

The necessity and justification of development cooperation arises from a situation where extraordinary conceptual challenges for innovative problem solutions meet the limited conceptual and innovative capacities of local rural institutions which, as a rule, are themselves part and parcel of the transformation process.

The overarching question is how to ensure that concepts and innovations developed with strong external support can and will be taken over by local actors in a manner which results in a sustainable and broad-based impact.

Fig. 13: The Roles of Development Cooperation in the RRD Process



I. Supporting regional level concept development

Supporting the identification of appropriate solutions

Available local and regional problem-solving capacities are often not sufficient to cope with the huge challenges imposed by the dramatic changes of economic, institutional and environmental frame conditions. Overall strategy guidelines, as proposed in this document, can provide directions in search of solutions, but concrete solutions can only be found after consideration of the specific local conditions. A process which may require extensive facilitated discussion and networking between stakeholders.

In short, the identification of appropriate solutions often requires a systematic and consultative analysis, based on tests, action research and exchange of local and external know how. In order to ensure that the identified solutions are really appropriate, replicable and sustainable, the process can be organised according to the following **rules**:

- Solutions should be developed jointly or in close consultation with representatives of the envisaged implementing agencies and the target groups. Ideally, local actors should be supported in their problem-solving efforts.
- In order to arrive at replicable problem solutions, pilot locations or communities have to be selected according to criteria of adequate representation, rather than criteria related to need, good performance or politics.
- To ensure realistic testing conditions, the support provided to pilot measures has to be in line with the support capacities of the local service providers in charge. Additional human and financial resources are only justified for the *analysis* of pilot activities.
- The output of technical cooperation projects involved in pilot activities should be an improved knowledge and related concepts, rather than the provision of better services to the pilot communities¹⁵.

In short: Pilot projects must not be confused with selective special support projects. They are meant to test *innovative approaches* under *realistic conditions* in order to arrive at *replicable solutions*.

Appropriate technical solutions are as crucial as appropriate institutional solutions

While the world is changing dramatically through technical innovations, agencies in charge of *technical* cooperation tend to believe that in less and least developed countries, technical aspects of development no longer need much attention, as most

¹⁵ The term "pilot" is increasingly being misused for labelling the direct implementation approaches ("by-passing" strategies) of donor-aided projects, which results in expensive, non-replicable support to a few isolated communities rather than in replicable innovative concepts.

problems can be resolved by institutional reforms. Without denying the importance of the institutional factor, it has to be acknowledged that in most rural areas of poor countries there is a tremendous lack of *appropriate* technical solutions. The search for techniques which are competitive (i.e. economically viable) without destroying the environment, and which at the same time offer opportunities for the poor rather than taking income opportunities away from them, is a tremendous challenge. Development Cooperation can provide valuable information about internationally available technical solutions, arrange contacts to the sources of know-how and advise on a process of institutionalisation that complies with sound social and ecological criteria.

Replicability with adaptation

Each location, each community is somehow different. Difference, however, is the enemy of replicability. There is another limitation with regard to replicability: Some solutions can only work if they are the result of a joint learning process by those applying the solution. Empirical evidence of innovation diffusion processes, however, shows that these two arguments do not always need to prevail:

- Not every little place needs its own tailor-made solution. Many technical and institutional innovations can easily be adapted to suit specific local conditions.
- Not everybody using a wheel necessarily has to go through the learning process of reinventing it in order to make good use of it.

As a regional approach, RRD is based on a compromise between the assumption of widespread replicability of concepts and that of the uniqueness of each single case. RRD assumes, that there is reasonably good scope for disseminating innovative approaches (with minor, locally manageable adaptations) within a rather homogenous geographical area such as a 'region'. Representative pilot locations, with respect to the diversity within a region, are the key to replicability. Moreover, RRD is based on the assumption that most innovations can also be applied by people who were not part of the process of invention, while it is very useful to have as many actors as possible who have participated in the experience of identifying the new approaches. Therefore the involvement of potential implementation agencies, as well as of target group representatives, is crucial as a means of achieving area-covering dissemination.

Creating acceptance and demand for sustainable and poverty-oriented solutions

Unless they are supported by political will or popular demand, appropriate problem solutions will have little chance of being implemented on an area-wide basis. Unfortunately, sustainable and poverty-oriented solutions are not always the most popular and attractive ones, especially for implementing agencies and for a powerful elite whose expectations tend to be oriented towards high external input solutions. Consequently, Development Cooperation has to become pro-active in "marketing" identified solutions, rather than assuming that appropriate solutions will find their demand without extra efforts. Instruments of creating acceptance and demand are:

- involving target groups and implementing agencies in the process of searching for an appropriate solution;
- creating awareness of the advantages of the identified concepts among powerful politicians and relevant strategic groups;
- informing the public of successful examples by using the media (“public relations”) and by providing relevant facts and figures on such model cases; and
- creating a demand by demonstrating the identified solutions to potential clients.

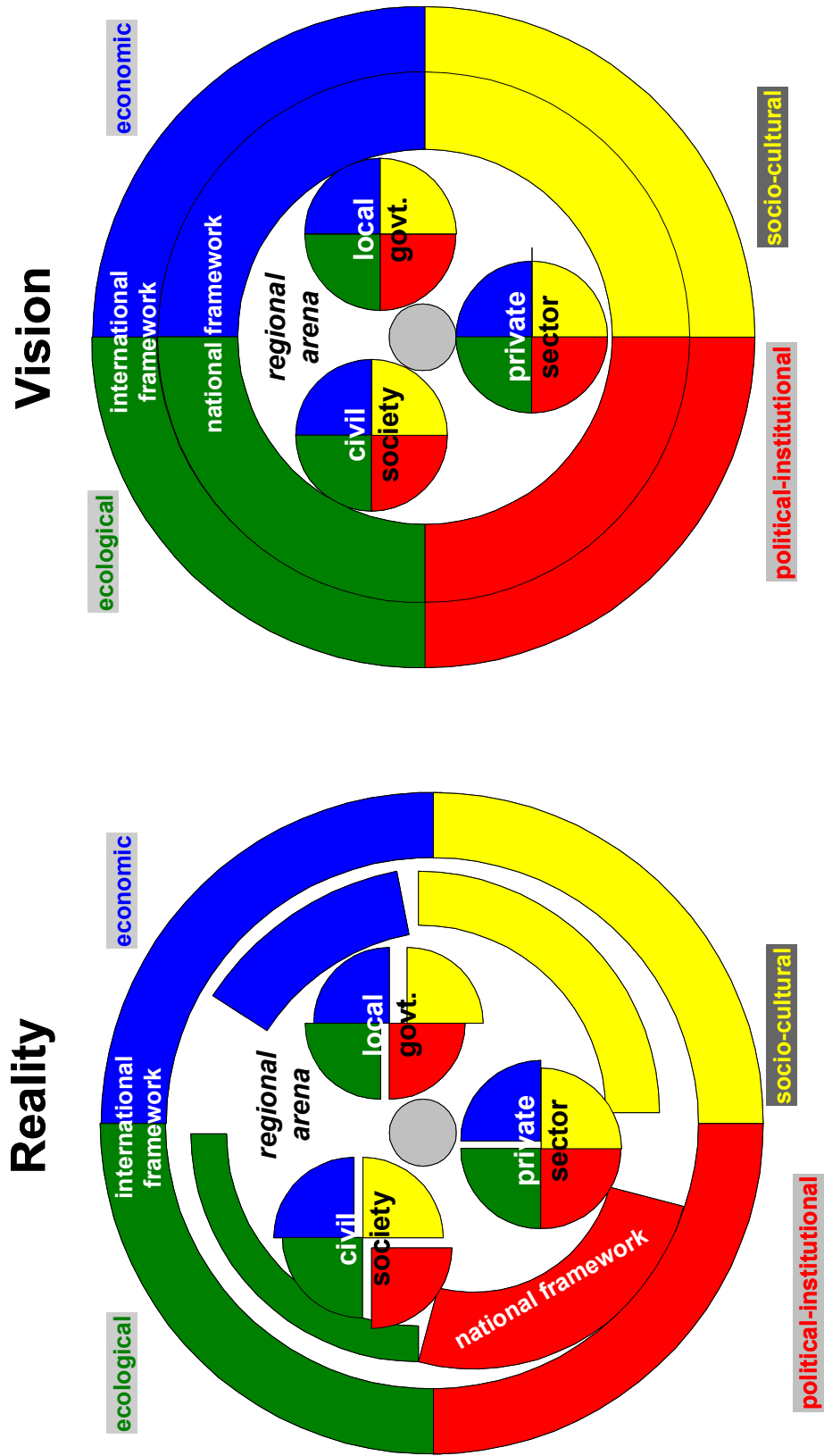
Ownership of new, innovative approaches cannot be assumed from the very beginning. It requires a process of becoming familiar with the advantages and disadvantages. Thus it would be wrong to expect that local ownership of appropriate problem solutions needs to be there from the beginning. Development Cooperation has to play the role of a proactive innovation, or change agent, in close cooperation with available local change agents. This includes creating ownership among those who are expected to implement new solutions and among those expected to benefit.

II. Strengthening the problem-solving capacity in a regional network

The more the different actors in a region link their individual problem-solving efforts and the more they strive for joint, negotiated solutions, the higher the problem-solving capacity will be within that region. The more regional actors tend to share knowledge with strategic partners, the higher the region’s innovative capacity will be. Development cooperation, therefore, should assist in **improving the networking capacity between regional actors**. The extent of regional co-operation defines a significant part of the region’s economic effectiveness, as well as its social capital. Not only must the gap between the clients and the service providers be closed: Bringing together the different regional service providers to offer complementary, spatially meaningful economic services is equally important. To achieve this, regional actors not only need to be strengthened individually; they also need to network regionally and with the relevant actors at national level and in the context of (national and international) programmes and frame conditions. Fig 14 shows:

- a) a typical regional situation with insufficiently networking actors and impeding frame conditions; and
- b) the ideal (or improved) situation.

Fig. 14: Performance of Regional Actors



Functional partnerships in a variety of forms between all relevant regional actors, can be encouraged, tested, monitored, and if necessary, appropriately institutionalised. In the dynamics of institutional growth, these partnerships are also expected to alter.

Multi-stakeholder platforms for **regional co-operation** (e.g. 'visioning, planning and co-ordination') with different degrees of institutionalisation, structure and binding force can be supported.

The **individual networking capacity** can be strengthened by creating awareness about the different actual and potential partnership functions and tasks of regional actors in all spheres. Regional cooperation can be stimulated, based on concrete regional issues to be settled or projects to be planned. Options for institutionalisation (e.g. trusts, regional fora, semi-governmental development agencies) can be suggested and legal, political and financial consequences critically discussed. The critical process of institutionalisation can be supported, accompanied and advised by Technical Cooperation.

III. Strengthening regional and local level institutional capabilities

Technical cooperation can assist strengthening the problem-solving capacities of regional and local level actors in **two different, but complementary ways**:

1. by enhancing the *general problem-solving capabilities* through a flexible process-related advisory role; and
2. by providing *specific task-oriented capabilities*, related to the implementation of new concepts on an area-wide basis.

Enhancing general problem-solving capabilities

Developing the capacity of regional actors and their institutions to cope with changing external conditions to identify and implement new solutions, is a long-term process. It follows complicated dynamics and interrelations. Development Cooperation at regional level should assist regional actors and institutions to acquire basic capabilities for managing such processes by providing them with the necessary methods, instruments and concepts.

This requires a partnership approach with flexible, intrinsic and process-related advice. In such a partnership, intended impacts have to be agreed upon, while the specific fields of advice and the methods of providing capabilities should respond flexibly to the requirements of the process.

In addition, such a process-related advisory role requires a mandate to deal with different regional and local actors from government, private business and civil society. Such a partnership has to be funded on a clear mandate and terms of reference for the technical cooperation agency.

Developing task-oriented institutional capabilities for area-wide implementation

The first and most important prerequisite for area-covering implementation of new concepts is the appropriateness of the solution itself, with regard to existing institutional capacity limitations. Intelligent solutions are simple solutions. And simple solutions tend to find better institutional preparedness for implementation.

A second prerequisite for establishing the institutional capacity for mass impact is, again, the involvement of all agencies in charge in the process of identifying solutions. The learning process of handling the new approach will already take place during the process of designing it.

New solutions, however, may require a fundamental change of procedures. Although simple once they are fully established, these new procedures may require retraining of all staff members and some intensive follow-up and coaching during the initial phase.

Other solutions may require the establishment of new organisational structures at community level. In order to get affordable and sustainable service systems in place, development cooperation may have to get directly involved in professional and financial support of such area-covering organisational development processes.

Capacity development in the context of Regional Rural Development, therefore, usually means supporting organisational transformation processes in accordance with a wider process of institutional public and economic reforms.

Ensuring quality of implementation by monitoring

Separating the responsibilities for concept development and the implementation of services bears some risk of programmes being implemented in an inappropriate manner, which is not in accordance with major quality requirements of the identified problem solutions. Those in charge of implementation may not be dedicated enough to pay special attention to poverty-related, gender-sensitive or sustainability-oriented aspects of the service design or its procedures.

In order to avoid, or at least minimise, such deviations between concept design and concept realisation, technical cooperation may have to support and follow up on the implementation process by:

- strengthening the quality control system;
- ensuring that quality aspects of the identified solutions are fully reflected in the terms of reference and in contracts for implementing agencies; and
- designing and practising monitoring systems that can verify the appropriateness of implementation.

Those in charge of concept development should play a role in steering, monitoring, and implementation, until the new approach has become a routine. This may imply a

necessity to redesign the concept in the case of major problems in the course of implementation.

IV. Financial support for implementation

Not all problem areas require searching for new solutions. In some fields appropriate solutions are well known, but the necessary investment funds for implementing them are lacking (e.g. information technology). In other cases, newly identified opportunities, though appropriate, may require some initial external finance. Consequently, technical and Financial Cooperation have to be applied in a complementary manner in support of Regional Rural Development. This is necessary to ensure that identified concepts will be implemented and achieve broad mass impact, but also in order to meet the justified expectations of the rural population for immediate solutions for at least some of their urgent problems. Without first meeting such immediate needs, it would not be easy to gain acceptance for the (sometimes time-consuming) process of searching for more appropriate solutions.

In spite of the complementarity between Technical and Financial cooperation, the two types of intervention should be managed by separate organisational units. This is necessary to avoid the possibility that Development Cooperation agencies could impose 'their' identified solutions onto a region simply because of their control over financial resources. Whereas, in fact, it should be the regional authorities who decide whether and how a concept will actually be applied.

In general, concept development will be more attractive where there is a clearly defined finance mechanism available. To make the necessary link between concept development and financial support, technical development cooperation teams should assist regional authorities to attract financial support for region-wide implementation of appropriate solutions.

Financing institutions tend to appreciate funding applications based on well-elaborated and tested concepts prepared by strengthened institutions. Thus, there is good reason to assume that the complementarity between technical and financial development cooperation can work.

V. Supporting the drafting of national policy and legal frameworks

Regional Rural Development is within the mandate of regional authorities and requires the involvement of regional and local actors. There is a wide range of important national level interventions that sets the framework for rural, for regional, and for decentralised development in a country.

In order to ensure that the political, legal and institutional framework is conducive to regional rural development, technical cooperation has to emphasise the necessity of relevant complementary national-level interventions in order to get the framework right. This relates in particular to:

- decentralisation policy;
- rural development policy;
- regional structural policy;
- regional promotion programmes; and
- land reform programmes and land legislation.

It is crucial to ensure that Technical Cooperation interventions at regional and national level are properly aligned and mutually inform each other.

VI. Connecting the region to national and international programmes

Integration with national and international programmes

The integration of regional initiatives into national programmes and international programmes and conventions (and vice versa) can be stimulated by Development Cooperation. This can be achieved (indirectly) by capacity building and awareness creation for decision makers, or (directly) by assisting the vertical and horizontal integration of the regional programme concerned.

The institutionalisation of inter-regional co-operation is another effective field for Development Cooperation. Options and best practises from international experience can be disseminated and their follow-up can be encouraged¹⁶. Due to their access to international decision makers and programmes, international donors can facilitate the link between regional programmes and international programmes and conventions (e.g. in the fields of climate, biodiversity, desertification).

Support for transnational regional development initiatives

Ecological or economically delineated regions are often intersected by national boundaries. In the process of regionalisation and the establishment or continuation of bilateral cooperation between neighbouring countries these "natural" transnational regions are developed as a whole. These efforts are often supported by international programmes because of their potential positive impacts on stability, economic efficiency and ecological sustainability.

Development Cooperation, through the concept of regional rural development, can help turn the political intention into reality by supporting the process with professional methods and instruments.

¹⁶ For example the EU-LEADER programme

VII. The institutional setting of Technical Cooperation

Technical Cooperation can act as a RRD support unit linked to regional and local government. The typical place for an RRD support unit (whether supported by Development Cooperation or not) is close to the head of the regional or local government. Even in cases where one support unit is in charge of several regional / local governments, the unit should be directly answerable to the head offices of the governing bodies or to the head office of a higher level support unit for decentralised government (e.g. a Department for Local Government). This is crucial in order to have a strong influence on the decision-making process, thus ensuring a strong concept development-implementation link. There must be a clear mandate for concept development from the authorities in charge, to ensure that the RRD support unit is not continuously side-tracked by different expectations, and also to ensure that the concepts developed find adequate recognition. This mandate may be based on different institutional arrangements, ranging from an integrated but semi-autonomous administrative unit (e.g. the 'Task Team Approach') to a consultancy unit cooperating with the government on a contract basis.

The degree of autonomy of the RRD support unit is equally important as its closeness to the power structures in charge of regional development. Such units need room for manoeuvre to adopt a creative, experimental, innovative trial-and-error process, and for the interaction and cooperation with a wide range of partners inside and outside the government. RRD support or concept development units can be compared with R & D (Research and Development) Units ("Think Tanks", "Brain Trusts", "Task Teams", "Innovation Agencies" etc.) of big private companies. Such units are strictly answerable to the top management on the basis of agreed objectives, but how they arrive at these objectives is up to them, and they are not expected to do anything, which is not in line with these objectives.

There is some debate on the question of whether such concept development units are required on a permanent basis, as an institutionalised part of regional government, or whether it is sufficient to have them on a temporary basis for specific historical challenges, such as crises or transformation processes. While permanent concept development units would certainly be of great value, many rural regions might not be able to afford such permanent in-built high-capacity teams. Instead, they would rely on contracted external resources on a temporary basis. In such cases, Development Cooperation can play an important role in achieving a sustainable impact through a temporary intervention.

List of Abbreviations

BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (Federal German Ministry for Economic Cooperation and Development)
CBO	Community Based Organisation
DC	Development Cooperation
FC	Financial Cooperation
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation)
ICT	Information and Communication Technology
NGO	Non-Governmental Organisation
NRM	Natural Resource Management
LUM	Land Use Management
LUP	Land Use Planning
PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Paper
RRA	Rapid Rural Appraisal
RRD	Regional Rural Development
SIP	Sector Investment Programme
SMME	Small Medium and Micro Enterprise
TC	Technical Cooperation

List of Rural Development Strategy Papers

- BMZ (2001). Entwurf zum Konzept Ländliche Entwicklung (Concept Rural Development – Draft Version). Bonn: Federal Ministry for Economic Co-operation and Development, Germany.
- DFID (1998). Sustainable Rural Livelihoods. What contribution can we make?. London: Department for International Development.
- DFID (2000). Achieving Sustainability: Poverty Elimination and the Environment. Strategies for Achieving the International Development Targets. London: Department for International Development.
- European Union (2000). European Policy to Support Rural Development in Developing Countries. Policy Orientation Paper. Brussels: EU.
- GTZ (1993) Regional Rural Development: RRD Update; Elements of a strategy for implementing the RRD concept in a changed operational context. Eschborn, GTZ.
- IFAD (2001). Rural Poverty Report 2001: The Challenge of Ending Rural Poverty. Oxford: Oxford University Press.
- World Bank (1997). Rural Development: From Vision to Action. Environmentally and Socially Sustainable Development Studies and Monographs Series No. 12. Washington D.C.: World Bank.
- World Bank (2001). World Bank Rural Development Strategy: From Vision to Action Update (Draft). Washington D.C.: World Bank.
- World Bank (2001). Africa Rural Development Strategy: Vision to Action Update 2001. Washington D.C.: World Bank.