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Capacity-Building for Rural Development at the Micro-, Meso-, and Macro-Levels[1]

Introduction – Why do IRDs fail?

By the end of the 80s, an international consensus had emerged concluding that, in spite of a number of success cases, the majority of integrated rural development projects (IRDs), especially in Africa, have not really delivered. Critics said that they were too costly, too complex, wrongly conceptualized, that they suffered from limitations inherent to the project mode, could not cope with adverse political and economic environments, and consequently lacked sustainability, and did not contribute to poverty alleviation in any significant manner. World Bank sidelined or rather abandoned rural development projects in favour of (sectoral) adjustment lending. Bilateral donors, however, took a less radical view and have hitherto worked towards reforming their IRD approaches. Till now, however, questions are still being raised as to the future of rural development projects and the necessary directions of change. Should we sideline IRDs in favour of other approaches to attack rural poverty? Are the weaknesses and failures of IRDs really a result of an overly ambitious project design? Are IRDs more rooted in donor strategies rather than in local needs? Are IRDs prone to failure because they want to rectify structural deficiencies which have to be addressed and attacked at sectoral or even higher levels? Have IRDs fallen victim to TC-specific weaknesses such as the expert-counterpart model or the mismatch of seconded personnel?

We still may ask: will IRDs eventually die? But as the German proverb says: Totgesagte leben länger! Those reputed dead tend to live longest! This apparently holds true for rural development projects as well. Otherwise we would not be here to discuss new directions in aid policy for rural development.

My contribution draws heavily upon personal experience which I gathered between 1987 – 1990 as a manager of a rural development project in Nepal. Nepal is host to more rural development experts and IRDs than any other least developed country – Kathmandu holds a world record in terms of the highest density of aid personnel per km². All major bilateral and international

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donors are there, demonstrating a diversity of approaches and management styles that make the country an IRD laboratory!

Based upon this experience, I would like to propose the following working hypothesis:

> *To break up the poverty cycle multisectoral approaches are indispensable. Rural poverty needs to be attacked in a vertically concerted and horizontally co-ordinated manner. First-generation IRDs (planned in the seventies) failed mainly because of faulty design, second-generation IRDs (planned since the mid-80s) are doomed to fail again if the technical co-operation policy framework is not adjusted and if the local and national TC-management remains weak. In order to reduce the failure rate of IRD capacity-building for rural development at micro-, meso-, and macro-level is of paramount importance.*

Rural development projects (see Box 1) operate within a TC environment that defines priorities, operational styles, financial modes, personnel recruitment and placement policies, and monitoring and evaluation schemes. IRDs operating within this framework have hitherto largely failed to attain one of their core objectives: creating sufficient human and institutional capacities for national management and local ownership of the development process.

First-generation IRDs failed because they were organized from the top-down, with parallel project management units, rigid blueprint planning, single-channel implementation (mostly formal), lack of popular participation, centralized decision-making, and they were biased in training and skill development against organizational and institutional requirements.

Second-generation IRDs planned from the mid-80s onwards, have rectified most of the original design problems. They give micro-level capacity-building and institutional development high priorities for attaining sustainability. They are process-oriented, promote popular participation, choose multi-channel implementation strategies, and work from within existing institutional structures. They even address the problems of policy coherence to become more effective and significant instruments for alleviating rural poverty. *But they still operate in troubled waters because of TC-specific problems which are mostly systemic in nature.*

First-generation IRDs (planned in the 70s): large, parallel-project management units, top-down, mostly formal one-channel implementation; resident expert-counterpart model; commodity-based rather than resource-based; enhancement of individual skills rather than individuals plus organizations; lack of local participation; rigid blueprint planning; massive infrastructure development, project staff mostly implementors.

Second-generation IRDs (planned from mid-80s onwards): work within existing intermediary institutions rather than creating parallel project structures; process or rolling planning rather than blueprint approach; start small and expand gradually, based upon action research; promote local-level organizations and institutions; promote beneficiary participation; decentralize decision-making; strengthen local financial capabilities; multi-channel implementation of programmes involving government, parastatals, NGOs, SHOs; project staff act as facilitators rather than implementors.

Box 1: Common Features of Integrated Rural Development Projects (IRDs): multisectoral approach; working within a defined geographical area, orientation towards to the "rural poor".

In-Country Capacity-Building Requirements

Capacity building usually means three lines of activities: skill development, procedural improvements, and institutional development. What skills, procedural improvements, and institutional capacities are needed in order to create a framework conducive for IRDs to promote *sustainable* rural development and to contribute to a *significant* alleviation of rural poverty?

Since rural development cuts across many sectors, involves decision-making at many different levels, ranging from the individual, the household and the group via community, locality and district to the national and even international levels, and makes use of bureaucratic organizations, the market mechanism and voluntary associations as implementing channels, diverse sets of human and institutional capacities are required to attain the goals set (see Box 2).

At the *macro-level* it is essential to create a political, legal, and economic environment in which poverty-alleviating rural development schemes can effectively work. Typically, the emergence of a more conducive macro-level environment is impeded by a lack of the abilities needed to adapt development models to the local environment and to provide for effective administrative and financial decentralization, which is a prerequisite for a downward transfer of power and democratic modes of operations. There is also a lack of the managerial capabilities needed to effectively "own" the TC provided by donors. This not only leads to the typical patchwork of unco-ordinated projects but also hampers a more equitable policy dialogue.

The specific organizational and institutional environment for the IRDs should be shaped at the *meso-level*. This requires capacities to

- exert local control over economic processes;
- strengthen financial capabilities at decentralized levels;
- mobilize self-help and voluntary collective action;
- provide for more participatory management and interactive learning;
- establish fora involving all actors relevant for an open development dialogue; and
- build technological competence for local adaptation and modification.

Finally, at the *micro-level*, an effective management of social, technical, and organizational innovations needs to be put in place. This calls for

- abilities of individuals and organizations to adopt locally tested (technological) innovations;
- self-organization of the beneficiaries (user groups);
- instilling in people confidence in responding to change;
- promoting responsibility for decision-making;
- enhancing skills through training and education;
- strengthening organizational performance; and
- changing the incentive structures for individuals and local-level organizations.

Individual – household – group – community – locality – subdistrict – district – regional/provincial – national levels

Three sets of institutions that can be used for rural development:
- state: bureaucratic organization, regulations; top-down.
- market: market mechanism; price signals; individualistic.
- collective action: voluntary associations; agreements; bottom-up.

Box 2: Levels of decision-making for Rural Development:
Source: Uphoff, N. (1993)

All three levels are highly interlinked, and balanced capacity-building at all levels would be required. However, as experience shows, IRDs typically act at the micro-level, often neglecting the meso-levels where sectoral policies and administrative procedures are shaped, and hardly reach into the macro-sphere, where strategies and overall policies are analyzed and formulated. The inherent limitations of the project mode can be offered as one explanation for that bias. The growing preoccupation with "sustainability" – GTZ

distinguishes between ecological, economic, and institutional sustainability – may even aggravate this micro-level bias, because "sustainability-minded" project planning should take into account the laws of the eco-system, adverse policy environment and the limited capabilities of the lead agencies and other relevant institutions (GTZ,1993). Obviously, the eco-system must be seen as a parameter, but should the policy environment and the mix of institutions be treated the same way? This is where the real challenge lies. If IRDs are downsized and reduced in complexity to meet the present limitations, then significance may be sacrificed for *low-level sustainability*. But what we need are IRDs which are significant and shape at least sectoral policies. A trade-off between sustainability and significance may be avoided by embedding IRDs in a sectoral programme design.

TC-Related Problems Impeding an Appropriate Use and Build-up of Capacity

Four TC-specific problems will be highlighted here which either seriously impede the appropriate use of existing capacities or hamper the widening and deepening of human and institutional capacities. First, donor requirements waste scarce capacities due to procedural inefficiencies; secondly, local capacities are insufficiently mobilized because of half-hearted participation; thirdly, ineffective learning models persist because of an inflated use of seconded long-term and short-term experts; and fourthly, donor TC financing modes may obstruct a strengthening of local financial capabilities.

In most least developed countries – and the more prominent recipients of IRDs belong to this country grouping – competing donor IRD approaches, management styles, and financial rules can easily exhaust the existing political and administrative capacities. In Nepal, the responsible lead agency for rural development, the Ministry of Local Development, has wasted its scarce analytical and managerial capacities through a merely bureaucratic handling of projects (donors expect prompt administrative action, full compliance with their disbursement and documentation rules, their numerous missions have to be received, and, among many other things, residential visas and even duty-free exemptions for resident experts have to be handled).

It is not easy for a politically weak recipient country to "discipline" the donors. It is up to the donors to co-ordinate and streamline their aid policies. Nepal, for instance, proposed a sector-based "lead donor agency approach", which was not well received by the donors.

Although most donors claim that they only act on request, many projects are still donor-driven and lack demand-orientation. Who is actually requesting, whose demands will be met, whose needs are to be satisfied? There is too much participation rhetoric. But without a public and democratic development dialogue at both national and local levels, involving the main actors, including the civil society, it is illusory to expect any democratic and transparent project identification.

Professionals' Perceptions	Poor People's Perceptions
universal	local, specific
simplified	complex
reductionist	holistic
standardized	diverse
physical	experiential
quantified	unquantified
income-poverty	multidimensional deprivation
employment	livelihood

Box 3: Our or Their Realities? Contrasting Perceptions of Professionals and Poor People
Source: Chambers, R. (1994)

Project planning and design are still donor-driven. The donors dominate the stage. They second professionals, both long-term and short-term, and actually decide about "local counterparts" in appraisal and planning teams. Project planning lacks popular participation, in particular during the critical initial stages, where the project is actually shaped. Usually popular participation only commences after the project has been launched. So projects still reflect more the perceptions of international professionals than those of the so-called target groups. And these perceptions do differ considerably (see Box 3).

If persistent trends are to be reversed, local people should be enabled to conduct their own analysis (e.g. by Participatory Rural Appraisal – PRA) and plan for their own action. An "open orientation phase" is not a substitute for an early involvement of the beneficiaries in the project design, but rather a supplement.

In the Dhading Development Project (DDP) (see Box 4) the empowerment of the hitherto unorganized local people was initiated by means of confidence-building measures and self-help mobilization. To that end, ward-level user groups were formed by the beneficiaries, and they implemented, altogether, 900 hundred small-scale development projects, which were perceived by them to represent priority needs. In carrying out the work, people learnt to organize and implement projects. They learnt how funds

were transferred and what paperwork had to be done, how to purchase materials and organize labour for transport and construction. In the end, however, the most important lesson was that they gained confidence in their abilities to help themselves.

A further problem that is impeding local capacity-building is the inflated number of expatriate experts, both long-term and short-term. Seconded experts are certainly needed for specific planning, monitoring, controlling, and advisory tasks. But the majority of them – many posted on the basis of soft job descriptions – are actively involved in implementation. They are a mixed blessing, especially when they act in keeping with the obsolete expert-counterpart model which usually puts the local expert in a junior position, with limited access to management relevant information, from within and outside. As it has turned out, the expert-counterpart model is a rather ineffective learning model. Real on-the-job-training based upon a clear job description and assignment is the better approach. DDP went exactly that route. From the very start, local personnel filled expert positions on the project team and local consultants were hired as short-term experts. The goal was to eventually replace all seconded personnel with national experts. For the last four years the project has been managed by an all-Nepali team.

For the planning and orientation phase, the DDP team set themselves the task of designing a project in which the beneficiaries themselves took their own development in hand. Even though the government of Nepal was not wholly committed to such an approach, the responsible Ministry of Local Development under which DDP would function, felt that such an attempt should be made. This approach was further supported by the strong stress placed on popular participation by the bilateral agreement establishing the project. The DDP team, consequently, took the following decisions:

1. They did not want a separate project office in Dhading District. Some sort of liaison office would be required in Kathmandu, but as far as possible all activity in Dhading District would be directed from the offices of the district administration.
2. The project budget would be channelled through the normal budgetary channels of His Majesty's Government (HMG)/Nepal. Development funds would be disbursed according to HMG/Nepal regulations. Under the Decentralization Act, this meant that district plan formulation committees would be involved in preparing DDP programs, the District Panchayat would have to approve those plans, and the District Assembly would have to approve the budget required to fund these programs.
3. The team also asked the MPLD to empower the Local Development Officer to serve as the Project Co-ordinator rather than appoint a separate Project Co-ordinator. These were all radical departures from the accepted practices of Integrated Rural Development (IRD) projects in Nepal.
4. Whereas other IRD projects had focussed on extension activity through various line agencies operative at the district level, the DDP set its focus

on the villages at ward level. This is the very bottom of Nepal's administrative tree.
5. The DDP team also decided to create development situations that forced villagers to interact in a wider arena than they had traditionally done. The team assumed that economic development would be conditioned by social structures. The team felt it would be wise to force villagers themselves to search for the knowledge required to execute village-level projects rather than attempt to introduce new technology or new technicians as a preliminary to project activity.
6. Lastly, the team decided that they had far more chances of discovering agents of change within the village than of successfully persuading agents of change to go to the villages.

Box 4: Basic Decisions taken by the Dhading Development Project (DDP) Team, Nepal
Source: Dhading Development Project (DDP), Kathmandu, n.d.

Another crucial area is the handling of project finances, here, local capacity-building can rather be hampered than promoted. Efforts to decentralize development planning and to strengthen local structures and institutions needs to be accompanied by a decentralization of the budget and increased local resource mobilization. Many donors fear that their funds will be misused and therefore attempt to tighten financial control and/or by-pass government structures by channelling funds through NGOs. While these are understandable moves, the most effective way of safeguarding donor funds is to create financial transparency, which can be best achieved at local level.

Conventional explanations for low institutional performance are:
- negative exogenous factors;
- lack of outstanding leaders and managers;
- poor planning and implementation;
- unadjusted applications of standard management techniques;
- distorted prices and market mechanism; and
- insufficient political commitment.

An alternative explanation is that institutional performance depends upon three sets of incentives:

- **degree of "specificity"** as defined by an agreement about objectives, time frame, methods to be applied, and control. Typically, the degree of specificity is highest in *technique-centered* activities, lowest in *people-centered* activities;
- **level of competition** or competition surrogates such as external pressures (economic pressures) from clients, beneficiaries, or suppliers, political pressures, and internal competition (administrative pressures);
- **effective management** which relates to the organizational structure, personnel policy, management techniques and style, training, etc.

IRDs belong to a type of activity with
- a low degree of specificity (people-centered, non-standardized process),
- a low level of competition (hardly any market-related competition and low level of competition surrogates, i.e. weak economic, political, and administrative pressures), and
- high pressure on project management for compensatory actions.

Conclusions for IRD:
High priority should be given to increased levels of competition by strengthening the voluntary sector – grass-roots organizations as well self-help organizations – and to aiming at higher specificity through improved M&E.

Box 5: Incentives for Institutional Performance
This analysis is based upon: Israel, A. (1987)

Conclusions

Attaining food security and sustainable livelihoods for the poor are top priorities on the agenda for development. This requires basic rural and social infrastructure, access to productive resources, credit, education, and training, as well as gender equity and effective rural people's organizations so that the rural poor gain a voive. In other words: a well-co-ordinated multisectoral attack on rural poverty is needed, and IRDs therefore should not be prematurely pronounced dead. However, under the conditions of the 1990s the success of rural development will largely depend not only on the creation of an enabling policy environment but also on a skilful linking of sectoral programmes and related projects. This requires the build-up of institutional capacities at all levels (see Box 5) and additional financial resources for poverty-alleviating sectoral programmes. Development co-operation for rural areas has to be adjusted and must evolve from project-centered, isolated interventions to programme-centered interactive co-operation if the frustrations of the past are not to be repeated. Besides central administrations and local government bodies, the self-help organizations of the rural population should be chosen as partners. Raising the level of intervention and linking programme promotion and individual projects will, however, also require some rethinking on the part of the donors, i.e. they must abandon practices of which they have grown fond, such as unco-ordinated aid policies in which their own profile or supply interests are more important than the actual needs of the country concerned.

Abstracts

Angesichts der geringen Erfolge Integrierter Ländlicher Entwicklungsprogramme (IRDs) wurden immer wieder Fragen nach den notwendigen Veränderungen gestellt. Es wird davon ausgegangen, daß multisektorale Ansätze nötig sind, um den Teufelskreis der Armut auf dem Land zu durchbrechen. Um die Zahl der Mißerfolge von IRD-Projekten zu verringern, ist es von entscheidender Bedeutung, „capacity-building" für ländliche Entwicklung auf der Makro-, Meso- und der Mikroebene voranzutreiben. Auf der Makroebene müssen die politischen, gesetzlichen und wirtschaftlichen Rahmenbedingungen für das Wirksamwerden von arumtsbekämpfenden Maßnahmen geschaffen werden. Auf der Mesoebene sind die spezifischen organisatorischen und institutionellen Maßnahmen zu setzen und auf der Mirkoebene ist ein wirksames Management der sozialen, technischen und organisatorischen Neuerungen einzusetzen. Diese drei Ebenen sind untereinander eng verbunden und der ausgewogene Aufbau von entsprechenden Fähigkeiten ist auf allen drei Ebenen notwendig. Eine programmorientierte interakive Zusammenarbeit muß die isolierten, projektzentrierten Interventionen ablösen. Neben der zentralen Verwaltung und den lokalen politischen Strukturen sind Selbsthilfeorganisationen der ländlichen Bevölkerung als Partner heranzuziehen.

In view of the limited success of Integrated Rural Development Programs (IRDs) questions about necessary changes of these projects and programs were repeatedly asked. It is assumed that breaking the rural poverty cycle multisectoral approaches are needed. In order to reduce the rate of failure if IRDs capacity-building for rural development at the micro-, meso-, and macro-levels is crucially important. At the macro-level, the political, legal, and economic environment for the effective working of poverty-alleviating measures have to be created. At the meso-level, the specific organizational and institutional environment must be shaped, and on the micro-level, the effective management of social, technical, and organizational innovations has to be put in place. All three levels are highly linked and balanced capacity-building at all levels is required. Isolated, project-centered interventions must give way to program-centered interactive co-operation. Beside central administration and local govemment bodies, self-help organizations of the rural population should be incorporated as partners.

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