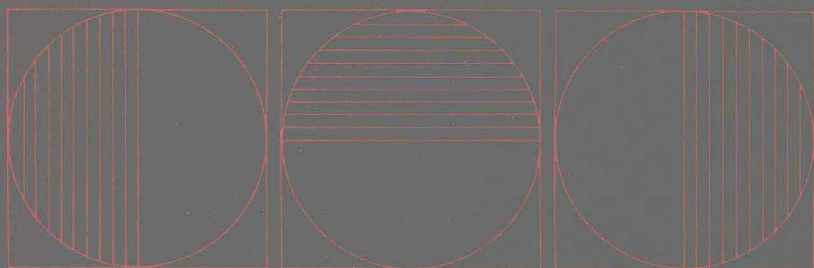


Institutions of Rural Development for the Poor

Decentralization and Organizational Linkages

DAVID K. LEONARD &
DALE ROGERS MARSHALL, Editors



iis

INSTITUTE
OF INTERNATIONAL
STUDIES

University of California, Berkeley

RESEARCH SERIES
No. 49

Institutions of Rural Development for the Poor

Decentralization and Organizational Linkages

DAVID K. LEONARD &
DALE ROGERS MARSHALL, Editors



INSTITUTE
OF INTERNATIONAL
STUDIES

University of California, Berkeley

Institutions of Rural Development
for the Poor

Preface

Over the last decade improving the welfare of the poor majority has become a priority concern of the international development community. This commitment to rural areas and to less advantaged populations has presented major implementation problems. Because new approaches to rural development are being attempted, new organizational arrangements frequently are needed to implement them. Guidelines for the design of these new organizational structures have been scarce.

This book is written from the perspective of program designers and deals with critical administrative questions they must address. It specifies how they might decide which national and local organizations to involve in a program, how functions might be allocated among them, and what linkages could be created between them. Thus it analyzes various centralized and decentralized administrative systems and suggests how elements of each can be combined in specific settings so that their advantages and disadvantages compensate for each other.

Successful implementation depends both upon commitment to program goals and upon the capacity necessary to achieve them. Diverse kinds of programs make different types of demands upon these two essential organizational attributes. The benefits of some programs are much easier to divert from the poor majority for whom they are intended, and so require greater organizational commitment to the poor. Similarly, some programs use more resources or require more complex and scarce skills than others do.

Program design, then, depends upon the distribution of commitment and capacity in the social system. Identification of these attributes requires analysis of both central and local organizations. The national political system as a whole provides the context for action but central agencies still will vary among themselves in their dedication to delivering particular types of services to the rural poor. Can an agency with the right combination of commitment, administrative skills and resources be found?

PREFACE

Local leaders may or may not be responsive to the interests of the poor majority in specific program areas. If they are, then the regular forms of local government and organization, which are inclusive of all segments of their populations, can be used to reach the rural poor. If the leaders are not responsive to the interests of the disadvantaged, consideration must be given to alternative organizations which limit their constituencies to the poor. In either case, but especially in the latter, serious attention must be given to whether the organization has the capacity to implement the program by itself.

Depending on the answers given to the preceding questions we suggest the design option that will optimize the chances of long-term program success. The appropriate design may involve turning implementation over to a central agency, or reliance upon local government or cooperatives, or a rejection of all forms of public organization and the use of the private market and philanthropies. More often, however, it will require some combination of local and central responsibilities and the construction of linkages between them. We give a good deal of attention to these linkages—the mechanisms through which organizations influence one another. These linkages include financial aid, technical assistance, regulation, representation and informal influence. The appropriate degree of assistance and control in the linkages of the center to the local organization follow from the same analytic principles outlined above and suggestions are made concerning them.

Our general thesis is that rural development is best served by the partnership of committed and competent central and local organizations. The ideal, then, is a type of decentralization which is based on the strength of committed organizations at both the national and the local levels and a productive interaction (or linkage) between them. Such optimal conditions all too frequently do not obtain, however. Depending on the circumstances, either centralization or local autonomy or private initiative may better serve the interests of the rural poor. There is no “one best way” to improve the welfare of the poor majority. The task before us is to understand how and when to use each type of administrative design and the associated linkages.

The design principles that are offered in this book have general relevance. They have been developed with specific reference, however,

PREFACE

to programs of agricultural development, primary health care, labor-intensive public works, and elementary education. When we began our work together, our focus was on decentralization and inter-governmental linkages. We shifted to a sectoral program approach for two reasons. First, a general inter-governmental relations approach tends to focus on distributions of power and resources as ends in themselves rather than upon the benefits they are supposed to create. Particular linkages are then seen as enhancing or hindering local democracy and the issue of whether or not services are getting to the poor gets lost. The second problem with a general inter-governmental relations approach is that it tends to downplay critical functions such as agriculture and health, which frequently are not handled by local governments.

In pursuing the sectoral approach we realized that the linkage problems of various functional areas differ somewhat from one another. We present an analysis of linkages in agriculture and health and draw on studies of elementary education and public works. We have chosen these areas because they feature most prominently in the current development efforts aimed at improving the welfare of the rural poor. The functional analyses are followed by an attempt to draw more general lessons.

Although this book is phrased as a series of prescriptions to the development practitioner, it is very much a piece of empirical social science and can be read as such with only a slight change in emphasis. As our colleague Martin Landau notes, a policy proposal is an hypothesis—it is a statement that certain actions are likely to result in certain desirable consequences. In constructing our “actionable hypotheses,” we have analyzed over thirty cases of various types of national service systems in the developing world, as well as examining the more general literature on development administration. Our conclusions have been further strengthened by a review of the very extensive literature on inter-governmental linkages in the U.S. poverty programs. Although the United States is not a developing country, many of the problems of providing benefits to the poor are sufficiently universal to make its experience highly suggestive. This exploration of linkage lessons from the U.S. War on Poverty precedes the functional analyses.

This book is the result of a collaborative research effort and the product is an integrated whole, not a series of separate essays.

PREFACE

Throughout its development we worked closely with one another and for several months met weekly to share ideas. In addition to the authors, Jose Garzon, Richard Edelstein and Victor Magagna participated in our collective effort and produced working papers on which we have drawn in writing the book.

The research as a whole was funded by the United States Agency for International Development under a Cooperative Agreement with the University of California (AID/DSAN-CA-0199). We are grateful to our colleagues in the Project on Managing Decentralization and to its staff for the support they gave to our efforts. Various portions of this book have benefited greatly from extensive comments on earlier versions by Preston Chitere, John Cohen, Janice Jiggins, Bruce Johnston, David Korten, John Montgomery, Walter Oyugi, Judith Tandler, Norman Uphoff and others. Finally the editors and authors wish to express their great appreciation to Leslie Leonard for her extensive and thorough editorial assistance.

David K. Leonard
Dale Rogers Marshall

TABLE OF CONTENTS

Preface

David K. Leonard & Dale Rogers Marshall ix

I. ANALYZING THE ORGANIZATIONAL REQUIREMENTS FOR SERVING THE RURAL POOR

David K. Leonard 1

The Organizational Requirements 2

The Structural Implications 3

The Parameters for Organizational Design 7

Program Vulnerability to Inequality 8

The Responsiveness of Local Leaders 15

Support from the Center 20

*Technical and Administrative Requirements
and the Distribution of Capacity* 24

Modes of Decentralization 27

The Dimensions for Analyzing Decentralization 28

A Typology of Decentralization Oriented to the Poor 30

The Array of Linkages 35

Control Linkages 36

Assistance Linkages 36

Conclusion 37

References 38

II. LESSONS FROM THE IMPLEMENTATION OF POVERTY PROGRAMS IN THE UNITED STATES

Dale Rogers Marshall 40

The U.S. Grant System 41

The Context for the Poverty Programs 43

Dual Forms of Decentralization: Parallel
Linkages from the Center to Local Recipients 48

TABLE OF CONTENTS

Control Linkages	54
Assistance Linkages	57
<i>Technical Assistance</i>	59
<i>Representation</i>	62
Conclusion	64
References	67
 III. GOVERNMENT, COOPERATIVES, AND THE PRIVATE SECTOR IN PEASANT AGRICULTURE	
<i>Stephen B. Peterson</i>	73
Unimodal Development and its Policy Implications	73
The Decentralization of Rural Economic Infrastructure	76
What is the Role of Cooperatives in Rural Development?	78
Supplies	79
Marketing	84
Credit	90
Production	99
<i>Production Cooperatives with Individual Land Parcels</i>	101
<i>Production Cooperatives with Joint Land Management</i>	107
Conclusions on the Choice Between the Cooperative and Private Sectors	111
The Linkage Lessons of the Cooperative Experience	114
References	122
 IV. ALTERNATIVE LOCAL ORGANIZATIONS SUPPORTING THE AGRICULTURAL DEVELOPMENT OF THE POOR	
<i>Stephen B. Peterson</i>	125
Small-Farmer Groups: Organizing the Rural Poor	126
The Fundacion del Centavo: An Example of Preferred Design	131

TABLE OF CONTENTS

Single-Function Versus Multi-Function Local Organizations	135
Incentives for Organizations Versus Organizing the Rural Poor	140
Linkage Sequences	142
Conclusion	149
References	150
 V. LINKING THE VILLAGE TO MODERN HEALTH SYSTEMS	
<i>Sven Steinmo</i>	151
Centralized Health Delivery Systems	154
<i>Hospital Systems</i>	154
<i>Task-Force Interventions</i>	158
Models Using Auxiliaries	159
<i>Clinic-Based Systems</i>	162
<i>Village-Based Systems</i>	167
<i>The Medex System</i>	177
Linkages	180
Community Participation	184
References	189
 VI. CHOOSING AMONG FORMS OF DECENTRALIZATION AND LINKAGE	
<i>David K. Leonard</i>	193
The Character of Intermediate and Local Elites	194
<i>Congenial Elites, Inclusive Organizations, and Devolution</i>	194
<i>Conflict and Alternative Organizations</i>	195
The Nature of the National Government Agency	200
<i>National Support</i>	200
<i>Irresolute Central Support</i>	201
The Distribution of Technical and Administrative Capacity	204
<i>Technical Assistance Linkages</i>	205

TABLE OF CONTENTS

<i>Linking Apportioned Functions</i>	206
<i>Redundant Linkages</i>	209
<i>Administrative Simplification</i>	213
Overwhelming Constraints	213
The Allocation of Functions by Organizational Priorities	216
Assistance Linkages	220
Conclusion	222
References	224
INDEXES	227
Author Index	227
Subject Index	231
NOTES ON CONTRIBUTORS	237

TABLES

1. THE VULNERABILITY OF SELECTED PROGRAMS TO LOCAL ELITE MONOPOLIZATION OF THEIR BENEFITS	10
2. EXAMPLES OF FORMS OF DECENTRALIZATION SERVING THE POOR	32

Chapter I

ANALYZING THE ORGANIZATIONAL REQUIREMENTS FOR SERVING THE RURAL POOR

David K. Leonard

Rural development has never been easy. Like the agriculture to which it is tied, rural growth has always taken hard work and intelligent implementation in the face of local variability and an unpredictable environment. Now development is even more difficult. The current challenge is to provide services for the world's poor majority—the marginal farmers and landless who make up the bulk of the developing countries' rural population. The farmer who begins to cultivate on rich bottom land must eventually extend operations to the rocky slopes if the enterprise is to reach its full productive potential. Even more so must development be brought to the world's poor majority, for not only production but life itself depends on the expansion. Still, growth is harder to achieve with poor resources, whether it be the soil or the cultivator that is poor. The environment is harsher; the fragility is greater; the margins for error are narrower. President Julius Nyerere once remarked that while the United States was trying to reach the moon, Tanzania was striving to reach its villages. It appears that Tanzania had the harder task and one more critical for development.

Growth in per capita income is no longer accepted as development. Dudley Seers, for example, argues that development is best indicated by reductions in (i) absolute poverty (most importantly malnutrition); (ii) unemployment; and (iii) inequality. He readily agrees that in the long term, growth in Gross National Product (GNP) is necessary to such development but insists that it is not sufficient (Seers, 1972: 21-25). Even those who use productivity as a definition

of development point out that it is different from economic growth and produce substantial evidence to indicate that it is more likely to occur in societies in which the "Basic Needs" of which Seers speaks have been met (Uphoff and Ilchman, 1972).

We presume that the achievement of development so defined will require public programs and interventions. Under free market conditions, the early stages of economic development produce a dramatic widening of socio-economic differentiation (Migdal, 1974). Because the welfare and productivity of the majority of the population is thereby neglected, national development is unnecessarily slowed (Johnston and Clark, 1982; Uphoff and Esman, 1974; Uphoff and Ilchman, 1972). Intervention by the state can make these inequalities still worse and therefore it is not always desirable. If development is to be broad-based, however, appropriate public programs are required. We need better knowledge about when and how those programs can be made effective in reaching the rural poor.

To provide development for the rural poor, then, implies a variety of programs: land reform; extension of agricultural technologies that are appropriate to the resource endowments of poor farmers; improved markets and input supply for the crops the poor grow; rural primary health care services; labor-intensive rural road construction; the building of sanitary water systems and other rural public works; etc. These sorts of rural service programs are not necessarily new. In the past they often have been structured in such a way as to give special advantage to rural elites, however. Assistance has been given for crops which only the well-endowed could grow, for example, or subsidized inputs have been monopolized by the better-off. Such programs left the condition of the poor majority unchanged or even worsened relative to their richer neighbors. What is needed now are programs that will right this historic imbalance of services and development against the poor majority.

THE ORGANIZATIONAL REQUIREMENTS

Such rural development programs are quite demanding in their organizational requirements. First, the implementing agency must

ANALYZING THE ORGANIZATIONAL REQUIREMENTS

have a special *commitment* to the delivery of program services to the rural poor. In social systems it is unnatural for benefits to be dispensed equally, much less redistributed toward the disadvantaged. Some inner or outer dynamic must motivate the organization to overcome the momentum of inequality.

Second, the *implementing agency must have or be able to find the resources and technical skills* for the program. As the intended clientele is disadvantaged, it will not have these itself.

Third, the *implementor needs adaptability*. One component of the rural development problem is that our knowledge of how to achieve it is incomplete. Project implementation constantly produces unexpected consequences. Rural development requires major doses of incrementalism; one learns as one proceeds what works and what does not. Those managing the project must be able to adapt to the lessons of its experience (Johnston and Clark, 1982: Chapter 1).

Fourth, *implementation of rural development programs usually entails the incorporation of community participation*. A considerable body of literature stresses the advantages of closely involving local peoples (Uphoff, Cohen, and Goldsmith, 1979; Uphoff and Esman, 1974; Ralston, Anderson, and Colson, 1981). (i) It is necessary to mobilize local resources. (ii) It facilitates the collection of the information that is needed to adapt a program to local conditions. (iii) As rural development frequently involves the promotion of social change, active involvement of the community is generally necessary in order to bring about its transformation. (iv) Local participation may begin to build the public demand structure for a service which will lead to its continued funding.

THE STRUCTURAL IMPLICATIONS

The foregoing organizational requirements for the successful implementation of rural development have several structural implications. The importance of commitment to the delivery of program benefits to the poor requires that the allocation of implementation responsibilities be structured by the presence or absence of this attribute in different parts of the social system.

The need for technical skills and resources in rural development most often implies some degree of centralization. The rural areas in

general usually have a weak tax base and need an infusion of funds from national sources if anything significant is to be undertaken. The involvement of the center also is essential if there is to be any redistribution of resources from well-off regions to the poorer ones.

On the other hand, the adaptive and participatory requirements of rural development dictate decentralization. Even if participation means nothing more than consultation and negotiation, discretion is needed at the field level to institute the bargain that is appropriate to each locale (Heiby, Ness, and Pillsbury, 1979: 7). Problem-solving and learning are inhibited by centralization as well. An organization operating in an environment characterized by change and incomplete knowledge must have decentralized management in order to cope (Thompson, 1967: 72-73, 86-87); otherwise, adaptation will be too little, too late, or inappropriate.

The decentralization required for rural development is not necessarily incompatible with central government involvement. Decentralization is a difficult concept to define and we will come back to it later. For the moment it is sufficient to note that the important thing for rural development is to have the resources and authority for timely adaptation to locally-specific conditions in the field, not in the capital. Such authority can be exercised in a variety of ways, including the involvement of national government. The operative agency could be, for example, a field office of a central ministry or a local organization with national financial assistance.

In most circumstances the organizational arrangements appropriate for rural development will not be based on a choice between either central or local involvement but on a combination of the two. The problem will be to specify exactly what kind of combination, with what division of responsibilities and with what relationships between them.

In their review of the rural development experience of sixteen Asian states, Norman Uphoff and Milton Esman concluded that one of the prerequisites for rural development is a strong system of local organizations together with effective links to compatible national agencies which can support them (1974: xi-xii). A few examples may help to illustrate the point. The preparation of coffee for the market requires a small processing and drying factory. Large estates will have their own but the operation of one is impossible for a smallholder. The Kenyan experience suggests that the optimal "factory" serves

ANALYZING THE ORGANIZATIONAL REQUIREMENTS

about two thousand small growers. Any economies of production that would come from a larger unit are more than offset by transport costs for the growers. Such factories have become the basic unit of cooperative organization in central Kenya and are managed independently of one another. Nonetheless, these primary societies have difficulty retaining competent accountants and so they turn to the district cooperative union for these services. Similarly, the international marketing of the coffee produced is far beyond the resources of even a district union. This function is performed by a national cooperative organization. Coffee smallholders thus are served by a three-tier cooperative system, each level with its distinctive competence and linked to the others in a complementary manner.

Another example concerns the interdependence of the community health worker and the M.D. in rural health care. There are a variety of economic and social reasons why paramedical personnel are generally more appropriate than doctors as the basic providers of health services and education in the developing world. Yet these community health workers will tend to be ineffective if they are not closely supported by M.D.'s in the larger medical system. Each has an appropriate role and scale of operation (Chapter V).

Effective primary education systems also depend on at least three levels of organization. At the level of the classroom the participation of parents is a tremendous asset in motivating the children and assisting them with learning. The construction and maintenance of school facilities also is usually done better and more quickly when it is handled at a local or intermediate level. On the other hand, the development of curricula, the setting of qualifying examinations and other functions closely related to the professional aspects of education are almost always best handled at the national level.

Finally, the construction and maintenance of rural roads involves links between community organizations and intermediate levels of subnational government. The local group is needed to organize voluntary labor for construction and to oversee and/or provide maintenance. It also can make extremely helpful contributions at the planning stage in order to ensure the optimal fit between local use and road layout (Tendler, 1979). On the other hand, the engineers to design the road and the earth-moving equipment to do the heavier construction work must be found in a supra-local organization. Rural works

projects function best when each is in communication with and in support of the other (Garzon, 1981).

The preceding examples simply re-emphasize the ideal of partnership of central and local organizations in rural development. Thus we will focus both on the division of responsibility between them and on the nature of their inter-organizational linkages. We are concerned with the transactions between local participatory organizations, the national government, and the subnational governments and field offices which mediate between them. *Linkages are the mechanisms by which one organization is tied to or attempts to influence another.* Note that as we use the term, linkages are synonymous with inter-organizational relationships. This definition is narrower than that of economists, for example. Thus although we are concerned with organizations that mediate between the state and the poor, it is not they or their relationships with the poor that we refer to as linkages. Instead we are concerned with the links these organizations have to the state—financial and technical assistance, regulatory controls, influence, etc. Our linkages are *organizational linkages*, and although we use the term “linkages” by itself for convenience, in this book it always has this restricted meaning.

Organizational linkage mechanisms cannot be explored adequately unless attention is also given to: (1) the organizations being linked and their commitment to rural development, and (2) the kinds of programs which will benefit the rural poor. Thus our analysis of linkages includes a focus on program content and the types of local and national organizations most likely to be congenial to those programs. Our major concern is to give a more systematic treatment of the problems of linkage than is currently available in the development literature.

Why organizational linkages? Are they more important than appropriate national policies? No; they are shaped by those policies. Do they matter more than congenial national or local organizations? Again, no; these are the units they work with. Appropriate policies made in a national ministry have to be implemented, however, and congenial local organizations have to be provided with resources—or even to be created. Implementation entails linkages. As perplexing as the policy issues of development have been, those of implementation have been even more frustrating. At this very basic level, development practitioners have had very limited guidance in dealing with local