

DO AREA DEVELOPMENT PROJECTS HAVE A FUTURE?

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Increased donor attention to Poverty Reduction Strategy (PRS) processes and to budgetary support have meant reduced funding for Area Development Projects (ADPs). Does this trend risk throwing the baby out with the bathwater? Specifically, this paper argues that PRS processes have a 'missing middle' – they envisage greater impact on poverty, and propose changes at policy and strategy level in order to achieve this, but are weak on the practical arrangements for delivering poverty-focused initiatives. Drawing general lessons from a study commissioned by Sida, this paper argues that ADPs have considerable potential to inform PRS and similar processes within this 'new architecture' of aid.

Policy Conclusions

Area Development Projects (ADPs) exhibit wide variation in scope, content and performance. There is considerable scope for improving their impact in two dimensions:

- First, their conventional mandate of reducing poverty within a geographical area could be met more fully if they were to:
 - identify sub-groups of poor people more clearly, and target them more specifically;
 - identify appropriate public and private roles more clearly;
 - improve prioritisation and sequencing to reduce the risk of élite capture;
 - mainstream cross-cutting themes such as gender and environment more strongly;
 - interpret principles of learning, ownership and sustainability in a more nuanced way.
- Second, ADPs have much potential to inform PRS processes, but in order to do so more fully, they must:
 - be underpinned by thorough baseline surveys, so that change attributable to the project can be more fully identified and quantified, and the lessons generated more convincing;
 - ensure that the conceptualisation of poverty used in ADPs is up-to-date, so that they can readily relate to larger processes
 - improve ways of disseminating project results to government and other donors, and of linking them into national and province-level decision-taking;
 - work with government to put in place the preconditions for pro-poor change on a wide scale, including, for instance, an appropriate enabling/facilitating framework in relation to the private sector, and a strengthening of people's capacity to voice their requirements (and of government to listen and respond);
 - identify channels by which lessons from the project can feed into higher-level processes such as PRSPs.

Introduction

Area Development Projects have had something of an uneven press, being tarred with the same brush as large-scale Integrated Rural Development Projects (IRDPs) supported by the World Bank and others in the 1970s and 1980s. Among the criticisms of these were that they were ultimately unsustainable, creating artificially favourable environments for service delivery, and bypassing the public administration, but at the same time offering terms and conditions that drew talented staff from government, thereby undermining it.

On the other hand, there remains a need for experimentation which is difficult for government itself to do, given the restrictions imposed by the norms, guidelines and regulations by which it operates. IRDPs were concerned almost uniquely with experimenting with service delivery, particularly seeking 'joined up' service delivery across different sub-sectors. ADPs have focused on two broad areas:

- *service delivery* (in much the same way as IRDPs, namely to improve the productivity of the physical assets of the poor, develop their human capital through health, education, etc, improve infrastructure, and provide social protection); and
- the pro-poor prioritisation of *public investment*.

In both of these, there has been a much stronger focus on ways of strengthening people's voice, and ways of supporting government to respond to people's voice, than there was in IRDP.

In experimenting in these two spheres, ADPs have focused hitherto primarily on poverty reduction within their assigned geographical areas. For the future, there is growing

recognition that experimentation must also be geared to feed into larger processes of planning and prioritisation for poverty reduction.

This paper focuses on two questions:

- how can the performance of ADPs be strengthened in relation to their original geographically-focused mandate?
- how might they be re-tooled to address wider, national issues of poverty reduction?

The case studies and their performance in relation to their area-based mandate

The main features of the three case studies on which this paper draws are presented in Box 1.

Wider reviews of Sida's ADPs have arrived at a set of shared conclusions regarding the potential difficulties inherent in the approach. These include:

- the danger of inadequate 'ownership' by government, whether at central or local levels;
- potential difficulties in reconciling the need for cross-sectoral approaches to meet people's needs with the sectoral structure of government, often leading to 'bypass' solutions;
- the risk of weak links to the macro policy environment, in relation to e.g. prices, subsidies, and regulations;
- the risk that 'blueprints' will be followed instead of 'process' approaches;
- the difficulty in translating the rhetoric of participatory approaches into reality;
- the difficulty in achieving sustainability and in designing adequate 'phase out'.

Box 1 Main features of the three case studies

Cambodia – CARERE/Seila: the mandate of CARERE (Cambodia Resettlement and Reintegration Programme) changed over time from managing resettlement and relief to establishing a responsive system of local government, public investment and service delivery. Many of these functions were taken over post-2000 by a Cambodia Government Programme (Seila – meaning ‘foundation stone’), scheduled to be expanded to a national scale. CARERE and Seila have always had an explicitly political aim, engaging with pro-democracy activities and building up civil society in a post-conflict situation.

Ethiopia – ANRS/SARDP: the Amhara National Regional State – Sida Cooperation in Rural Development Programme (ANRS), started in 1997 and was superseded from January 2002 by the Sida Amhara Rural Development Programme (SARDP). These have aims similar to CARERE/Seila in terms of building local capacity to make demands on public investment and service delivery, and creating the capacity to respond. Their focus has been largely on agriculture and rural infrastructure. However, they have been faced with a strong top-down agenda from central government, and operate in an environment in which political discussion has been discouraged until recently.

Zambia – EEOA: the Economic Expansion of Outlying Areas project was initiated in 1995 in response to the measures to liberalise the economy put in place in the early 1990s, the assumption being that rural people would need new skills and new links to the private sector in order to take advantage of newly-emerging opportunities. EEOA has major components of capacity building among rural people, facilitates their access to financial services, helps to put in place infrastructure relevant to their needs, and (recently) to support government staff in responding to them. The project operates completely outside government structures, but seeks to support rural people in drawing on both public and private sectors. It schedules a stay of up to 3 years in 4–6 ‘facilitation areas’ per district, each of up to some 1,000 households.

The three projects reviewed here have performed unevenly against the above criteria, with generally strong performances by Seila and by EEOA (but within a limited frame of reference), and a weaker performance by ANRS.

More specifically, the study underlying this paper reviewed the project against Sida’s criteria of learning, capacity building, integration and sustainability (Box 2), but also against questions of conceptualisation of poverty and of public and private roles. Examining these in turn:

Underlying conceptualisations of poverty

The activities of all projects exhibited a good grasp of the multidimensionality of poverty, with a strong emphasis on voice and citizenship as well as income, but with limited attention to vulnerability and insecurity. In general, the poor

were perceived as producers, with limited attention to their role as labourers or consumers, despite the growing evidence that the poor rely heavily on selling their labour, and that livelihood diversification is strong among the poor, as a trajectory out of poverty, a spreading of risks, or an enforced strategy if assets such as land are lost.

In a slightly different dimension, there was little systematic consideration of differences between those who could participate in growth-focused strategies and those unable owing to, e.g. illness, high dependency ratios or old age.

Other dimensions of ‘segmentation’ among the poor, such as gender, were treated in principle in all projects, but in practice, gender mainstreaming was weak except in EEOA, and to a lesser degree in Seila. Seila was particularly conscious of the unique situation of ethnic minorities but in practice found it difficult to respond to these, particularly in the face of élite pressures to exploit (for instance) the forest resources on which minorities relied.

In more general terms, although many project staff were aware of finer distinctions among the poor, classified for instance according to types of resource on which they predominantly relied, there was scope for considerably more detail in project documents and action plans concerning ways in which the needs and opportunities of these would be addressed by the project, how élites would be prevented from taking the lion’s share of resources, and how benefits would flow within and across these categories.

Public and private roles

Practice varied widely among the three projects in this dimension: the EEOA is essentially located in the private sector and depends on it for scaling up the approach, though perhaps with excessively high expectations. The private sector is engaged in service delivery in Seila, often in innovative coalitions in which resources to contract in service providers are placed into the hands of service-users, and accountability to them built in. But in both cases, more could be done to strengthen the institutional framework (legal, regulatory, fiscal) in which the private sector has to operate – in Zambia because of a continuing distrust of the private sector; in Cambodia because of generalised institutional weakness. By contrast, the residual ideological bias against the private sector in Ethiopia (despite policy statements to the contrary), and the absence of effort by Sida to narrow the gap between rhetoric and reality in negotiations over project funding, resulted in an environment much more hostile to the private sector and a sentiment that the public sector would have to provide even those services (e.g. agricultural input supply and marketing) elsewhere clearly allocated to the private sector.

Box 2 Dimensions of learning, capacity building, integration and sustainability relevant to the ADPs

The four concepts stand in a complex relationship to each other, in respect of both their scope and of links among them. Thus:

- Learning can be conceptualised in at least three different dimensions:
 - within projects themselves;
 - across projects, over either space or time;
 - between projects and partner countries, especially where the project has a ‘piloting’ or model development purpose.
- Capacity building can embrace:
 - imparting specific skills to individuals;
 - developing new institutions or organisations within project areas, or strengthening existing ones;
 - developing the capacity of government or private sector agencies to integrate the lessons of projects into wider practice.
- Integration can be viewed in several ways:
 - integration within an ADP across activities rooted in specific sectors or sub-sectors – as, for instance, Integrated Rural Development Projects sought to break down ‘compartmentalisation’ between different government departments;
 - integration between the ADP and government processes and structures at several levels, ranging from high-level policy making to practical implementation arrangements.
- Sustainability embraces several components, including:
 - environmental;
 - economic;
 - institutional – including questions of whether the institutions created within project areas can be sustained, and of whether the approaches piloted by ADPs can be integrated into the wider practices of government and private sector in sustainable ways.

Learning, capacity building, integration and sustainability

These four dimensions of development cooperation are perceived by Sida to be of primary importance to sustainable poverty reduction.

The four spheres represent overlapping circles – at least one component (generally the last presented in Box 2 *within* each) – relates also to the others. Our concern in what follows is largely with these final components. Sequences are also important: integration of ‘models’ from ADPs cannot take place until both appropriate learning and capacity building have been developed, and questions of sustainability can only be addressed thereafter.

In general, the sample of ADPs had placed strong emphasis on learning and capacity building, but had been hampered by a high turnover of staff (especially in Sida headquarters), by pressures to focus on service delivery which distract attention from learning – such pressures often coming from host governments wishing to see evidence of impact ‘on the ground’ – and by (in the Ethiopian case) the extraordinarily broad range of activities undertaken under the project which has made structured learning (including cross-learning and related follow-up) particularly difficult.

An ADP with a mandate to ‘pilot’ models and approaches must position itself very carefully in relation to questions of integration. It needs to build on the government’s underlying policy positions and the processes, norms and guidelines by which it decides on and implements priorities for, e.g. public investment, service provision, and facilitation and regulation of the private sector. It needs to target its experimentation on government structures and processes that are amenable to innovation, but at the same time be clear about those which are fixed. This will allow it to pilot approaches that are innovative, but fall within the realms of what government itself can feasibly replicate. At the same time, an ADP needs to stand outside government in order to foster critical reflection on conventional procedures and norms – if fully ‘integrated’ from the start, its scope to innovate may be stifled. Further, donors and project management need to be somewhat more sceptical than hitherto of the concept of ‘ownership’. Clearly, this is an important principle, but should not be converted into arguments (as was done to some extent in the ANRS), that because the Ethiopian government has demonstrated strong ownership by integrating project activities into its own policies, there is neither need nor donor legitimacy for challenging government on aspects of its policy (e.g. prejudice against the private sector).

Sustainability has important economic, institutional and environmental dimensions. In the Ethiopia case, agriculture constitutes a major dimension of the ADP, and yet the project has been weak in getting government to move from a top-down agenda based on credit/seeds/fertiliser packages towards one driven more by people’s expressed requirements, and towards the mainstreaming of practices such as soil and water conservation. Further, public sector delivery agencies have been weak in providing these services. As a consequence, there are question marks over the economic, institutional and environmental sustainability of this major aspect of the project.

In the Cambodia case, Seila’s strong performance in getting investment and service delivery prioritised in response to people’s requirements bodes well for economic and institutional sustainability, as does the government’s commitment to scale up the Seila approach to other provinces. However, illicit timber extraction, especially in the northeast, continues to generate concerns over environmental sustainability, and some government departments (especially Rural Development) need to be

engaged more fully if institutional sustainability is to be assured.

In the Zambia case, EEOA depends for its economic and institutional sustainability on the continuing viability of private sector organisations, including the Micro-Bankers’ Trust. This, in turn, will depend not only on broader economic prospects, but also on stronger commitment by government to shift away from a ‘state must provide’ philosophy and towards the creation of a supportive environment for the private sector, which does not currently appear to have gone much beyond the level of rhetoric.

PRS processes – can ADPs strengthen them?

Background

Briefly, Poverty Reduction Strategy (PRS) Papers, promoted by the World Bank and IMF, have been accepted by over 40 of the Highly Indebted Poor Countries (HIPC) as a means of converting debt into aid, and are at various stages of preparation and implementation. They are intended to demonstrate the mainstreaming of poverty reduction into public investment and service delivery, and into government’s relations with the private sector. PRS *processes* refer to the preparation of PRS Papers, negotiations over them, and their implementation. In many countries, including the three examined here, there are questions over the level of national ownership of PRS processes and the extent to which poverty reduction will drive national agendas. Again, for several countries, including those covered here, draft PRS Papers appear more oriented towards macro-economic growth strategies than poverty reduction.

Reviews of PRS suggest that few have moved beyond the ‘wish list’ stage into more serious consideration of what new implementation mechanisms will be used in order to deliver increased benefits to the poor and prevent resurgence of longstanding problems such as corruption and elite capture.

For instance, ODI (2001) suggests weaknesses in:

- the analysis of poverty: its non-income components are typically ignored in the preparation of PRSPs, yet, as the sample of ADPs considered here has demonstrated, dimensions of voice and vulnerability are important;
 - indications of how sector-specific matters will be incorporated into an overall poverty reduction strategy;
 - the incorporation of cross-cutting themes into PRSPs, such as gender or environment;
 - the prioritisation and sequencing of public investments
 - consideration of budgetary procedures;
 - consideration of possible capacity constraints and how these might be addressed;
 - specification of how to monitor and evaluate progress.
- Well-managed ADPs designed in ways largely consistent with government’s own procedures, and compatible with realisable visions of democratisation and administrative reform, have much to offer the PRS process. They can:
- suggest to government how different ways of defining poverty and identifying (segregating) different categories of the poor work in practice, in terms of the feasibility, design and impact of different kinds of intervention;
 - suggest how different forms of participatory needs assessment and community-based planning should influence the focus and impact of investments and the relevance and quality of services delivered;
 - suggest how local level processes and central ministries or departments might work best together to design investments which are relevant and poverty-focused locally, but also consistent with national policy objectives;
 - suggest, by drawing on their own essentially integrative nature, how government departments can prioritise and sequence their actions;

- suggest how and how well different forms of delivery mechanism work for different categories of the poor, and different types of investment or service provision;
- suggest how these might be monitored or evaluated in relation to process, outputs and impact, where relevant and feasible, using participatory modes of M & E;
- provide a platform for engaging with civil society, based on real examples of alternative futures for the poor, and in so doing avoid the abstract development models that sometimes dominate these discussions;
- suggest how cross-cutting issues can be better managed. Experience from elsewhere suggests how environment (Yaron and White, 2002) can be mainstreamed. Although environment, gender and other cross-cutting issues have been an important focus of some of the projects studied (e.g. environment in Cambodia and gender in the EEOA), their direct experience of mainstreaming this into government planning and budgeting remains limited. However, this is clearly an important point to which future ADPs could usefully devote some attention.

Ways forward

How can the potential influence of ADPs on PRS processes and the 'new architecture of aid' best be realised?

Well-managed ADPs have direct experience of designing and implementing investments and service delivery in response to community priorities, and should be in a strong position to demonstrate what will work and what will not. But this experience is unlikely to be used by PRS processes unless a number of conditions are in place, including:

- Staff directly involved in the projects (including consultants) must make an effort to familiarise themselves with PRS processes and with the focus and content of current drafts of the PRSP.
- They must also liaise with those in government and donor offices who are engaged in the formulation and management of PRS processes in order to locate the windows of opportunity that will arise (and these will often *not* be the same donor officials who are responsible for the ADPs themselves)
- There must be firm evidence to support the arguments that projects can make – anecdotal evidence is unlikely to command more than a brief hearing. This requires sound baselines and great care in attributing causation.
- There is a need to identify current procedures, regulations and arrangements for prioritisation and implementation, and identify which of these are easily changed, so that projects can be designed in ways which stretch existing practice to some degree, but not in ways which are beyond the implementation capability of government
- Government practice and future agendas in relation to strengthening and decentralisation of the public administration and of local government must be identified, so that projects can be designed in ways which will feed into these plans and processes
- Whether and how government places poverty reduction on the overall policy agenda needs to be assessed, to obtain improvements as a condition for proceeding with the signature of a project agreement, e.g. ensuring that PRSPs are implemented and not bypassed, and that commitments to basic human rights are respected
- Government's current perception of public/private/civil society roles needs to be assessed, and clarification or improvement of these sought prior to signature of a project agreement
- The wider processes of government need to be understood, including taxation and land reform, so that efforts can be made to influence these in appropriate directions prior to signature of a project agreement, and/

or the implications of these for project design can be drawn out and acted upon.

Conclusions

This paper has sought to demonstrate concretely how ADPs can improve their performance against the conventional mandate of reducing poverty within specific geographical areas. Less conventionally, it demonstrates how the substantive lessons generated by ADPs can feed into higher-level policy processes, including PRS processes. Careful balance will be needed if these two functions are to be fulfilled, but there are no fundamental contradictions.

Even if the shift in donor attention towards PRS processes and budgetary support proves successful, there will remain a strong case for 'on-the-ground' experimentation with new, local level approaches towards the design of service delivery and public investment, and this will undoubtedly become a stronger feature of ADP mandates in the future. Finally, during the course of this study, numerous project staff emphasised that their on-the-ground experience had helped in ensuring that government's doors were always open to them – perhaps the least tangible effect of ADPs, but undoubtedly one of the most important.

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Acknowledgements

The authors are indebted to Sida's Natural Resources and Evaluation Departments for comments and financial support but remain solely responsible for the interpretations and conclusions presented here. John Farrington is a Research Fellow at ODI, as was Roger Blench until recently; Ian Christoplos and Karin Ralsgård are independent consultants and Anders Rudqvist is with the Collegium for Development Studies at Uppsala University
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ISSN: 1356-9228

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