Community-Driven Rural Development What Have We Learned?

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Washington, D. C.

Sustainable Development Department
Technical Papers Series

Cataloging-in-Publication provided by
Inter-American Development Bank
Felipe Herrera Library

Community-driven rural development : what have we learned / Tom Dahl-Østergaard … [et al.].

p.cm. (Sustainable Development Department Technical papers series ; RUR-112)
Includes bibliographical references.

1. Rural development projects—Citizen participation. 2. Rural development projects—Latin America. 3. Rural development projects—Nicaragua—Case studies I. Dahl-Østergaard, Tom. II. Inter-American Development Bank. Sustainable Development Dept. Rural Development Unit. III. Series.

630 C282—dc21

The Rural Development Unit of the Sustainable Department of the Inter-American Development Bank has coordinated the realization of this study and is grateful to the Danish Trust Fund for providing its funding. It also acknowledges the collaboration of Jaime Cofre, Agricultural Specialist at the Bank's office in Nicaragua who provided important fieldwork assistance. The authors would like to acknowledge Nancy Jesurun-Clements and Trond Norheim (Specialists of the Bank in Washington, D.C.); and Francisco Pichon and David Warren, Senior Specialists at the World Bank, who provided comments and insights of the paper. In addition, Paola Moyano provided valuable editorial assistance.

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October 2003

This publication (Reference No RUR-112) can be obtained from:

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Foreword

Participatory rural community development projects have become increasingly popular in the last 40 years. These types of projects promise to improve efficiency, sustainability, and democratization. Nonetheless, they are complicated to implement because, many times they involve a number of different sectors and a wide variety of actors who must collaborate and coordinate efforts effectively for a successful outcome.

This paper, prepared by the Danish consulting firm, COWI Engineers and Planners AS, reviews community-driven rural development projects in Mexico and Central America supported by different donor agencies. The purpose is to extract lessons learned that could be applied to improve the project design of a new generation of community-driven projects sponsored by the Inter-American Development Bank. The particular focus of the paper is how to enhance participatory mechanisms and how to better assure the sustainable flow of benefits after externally provided project funds have been exhausted.

The lessons are humbling and uplifting at the same time. First, "participation" in practice still tends to be very rudimentary due to constraints of educational achievement, technical capacity, economic resources, and traditional power relationships. However, the degree of participation has been increasing over time. Second, community-driven projects do deliver valued benefits and do seem to contribute significantly to institutional development. As a result, these types of projects tend to enjoy high satisfactory ratings when evaluated. Third, the financial sustainability of adopted interventions can be a weak point and much more work is needed on promoting decentralization so as to assure that local and municipal governments have adequate budgetary resources and/or taxing powers. The paper discusses several suggestions and recommendations in these areas.

This paper should be of value to national policy makers, government officials, Bank operational staff, staff of nongovernmental organizations involved in rural community development and, of course, community leaders and advocates themselves.

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Acronyms

CDRD	Community-driven rural development
CTL	Spanish name (Local Technical Committee)
DANIDA	Danish International Development Assistance
DRP	Spanish name (Participatory Rural Appraisal)
FADCANIC	Spanish name (Foundation for Autonomy and Development of the Atlantic Coast of Nicaragua)
FINNIDA	Finnish International Development Agency
IDR	Spanish name (Institute for Rural Development, Nicaragua)
INAFOR	Spanish name (National Forestry Institute, Nicaragua)
M&E	Monitoring and evaluation
MAGFOR	Ministry of Agriculture, Livestock and Forestry
MARENA	Ministry of Environment and Natural Resources
NDF	Nordic Development Fund
NORAD	Norwegian Agency for International Development Cooperation
O&M	Operation and maintenance
OCE	Co-executing organization
PAST	Programa de Apoyo al Sector Transporte (Danida Transport Sector Support Program)
PCU	Program Coordination Unit
PMP	Participatory Micro-Planning
PNDR	Spanish name (National Rural Development Program)
POSAF	Conservation and Management of Forest Resources
RAAN	Spanish name (Autonomous Region of the North Atlantic)
RAAS	Spanish name (Autonomous Region of the South Atlantic)
SIDA	Swedish International Development Cooperation Agency
SWOT	Strengths, Weaknesses, Opportunities and Threats
TA	Technical assistance

Contents

I. Introduction

The purpose of this paper is to identify best practices in the design and implementation of community-driven rural development (CDRD) projects in Central America with special emphasis on Nicaragua. The motivation for undertaking this study is the desire to improve the Inter-American Development Bank's performance and effectiveness with these types of interventions. Central America and Nicaragua, in particular, were chosen as the focus of this study because of the high percentage of the poor persons living in rural areas and large number of projects of this type.

Definition of Community-Driven Development

Community-driven rural development grants decision-making powers to community groups and residents in the design of interventions aimed at improving standards of living and the allocation of resources to achieve agreed upon goals.[1] The community groups often work in partnership with demand-responsive support organizations and service providers including elected local governments, nongovernmental organizations, private sector contractors, and regional and central government agencies to implement activities. CDRD is a means of providing small-scale infrastructure services, better organizing economic and natural resource management activities, empowering poor people, enhancing democratic governance and accountability, and improving the security of the poorest elements of the rural community.

Community-driven rural development projects are one instrument for alleviating rural poverty. Donor agencies and national and local governments have designed, promoted, and implemented these types of projects for four decades. Community-driven projects can vary considerably in scope and reach. Some focus on constructing social infrastructure, such as schools, health clinics, community centers, potable water and sewerage systems, roads, bridges, and wharves. Others focus on stimulating productive, income-generating activities by providing support services such as extension, marketing, and business consulting to farmers and entrepreneurs. Others assist the community and the municipal authorities to better manage natural resources such as watersheds, biological reserves, water, grazing lands, fisheries, and forests. Still others focus on building the capacity of municipal authorities to plan, deliver, and sustain vital public services. In some cases, more than one focus is combined and the projects can be multisectoral and integrated.

Relevance of Community-Driven Development Projects

Community-driven approaches to local development are very relevant to social planners theoretically and practically. Theoretically, projects in which the community participates and takes ownership are more likely to be highly valued and sustainable over time, than projects that are designed and imposed on the community by "outside" experts. For example, community residents are more likely to volunteer labor to maintain a "wanted" school building than externally selected "latrines." They are also more likely to monitor the ex-

[1] In this study, the term "community" refers to a group of people that is defined as the target group by a project. While the members of a community will therefore be engaged in the same, or similar activities, their interests in a given project may well differ and competition among the members of a community is very likely. A community should not be confused with a "municipality," which is a politically defined geographical unit.

penditure of scarce resources and to demand accountability of leaders. The process of open planning and consultation leads to improved transparency and strengthened democratic governance. Traditional notions of accountability change. In most projects, a central government has to "answer" and "report" to an external donor agency on how its funds were used. In CDRD projects, accountability is downward and horizontal. Not just external donors are reported to, but also common "citizens." By converting "project beneficiaries" from passive objects of development planning, or "liabilities," into active participants, or "assets," CDRD projects promise to unleash latent capacities in the community. If community groups can be taught how to negotiate effectively with outside private and public agencies, how to prepare proposals, how to manage feasibility studies, and how to leverage financing, they can be empowered to become autonomous agents of change.

On the other hand, not all public goods and services are best managed through collective community action. In some cases, public goods spanning many communities are best provided by regional and central government authorities. In the case of private goods, private companies might be more efficient and cost effective. Accordingly, CDRD projects are context sensitive and require diverse approaches and the ability to evolve over time. For example, the decision whether to use a single sector intervention or a multi-sectoral one depends a great deal on expressed needs, installed local capacity to manage and implement the interventions, whether growth in output or reductions in social and economic inequality are the overriding objectives, and the cost effectiveness of the interventions.

In short, CDRD is a potent but difficult instrument to wield effectively. Over time, rural community development projects have slowly evolved from being largely agricultural development projects with heavy emphasis on crop intensification or crop diversification to truly demand-driven single or multiple sector projects with significant community participation.

Despite the logic of these projects and the increasing amount of community participation, implementation effectiveness has been elusive. Many of the reasons for less than satisfactory implementations, such as low commitment and weak monitoring and evaluation systems, also plague other types of development projects. However, in the case of community-driven rural development projects, these weaknesses can have a magnified effect. For example, because these projects tend to be more open ended and context specific than other types of projects, the lack of a good monitoring and evaluation system can prevent rapid mid-course corrections, assessments of impacts, and well-supported lessons learned. Implementation issues can also affect the long-term sustainability of interventions. For example, financing of community-driven rural development projects after the initial phase of external support ends, building local management capacity to a sufficient level for independent action, and creating an auspicious policy and institutional environment that does not thwart the efforts of local community groups can be formidable tasks that combine to block sustained success.[2] To date, the impact of these projects has been mixed. Communities commonly view project outcomes as positive because they improve standards of living, but operational and maintenance problems frequently remain unresolved. At times, vulnerable and excluded groups do not benefit and pre-existing inequalities can even grow deeper. Achieving effective and seamless coordination between the various service providers and government agencies involved can also be difficult and elusive.

[2] According to the World Bank (2000) only 35 percent of the community-driven projects were rated as likely to yield sustainable benefit streams in comparison to the 47 percent average for all Bank-evaluated projects.

"The key elements of a successful community-driven development project are participation, sustainability, social inclusion and an enabling policy environment."

Main Themes for Analysis and Conceptual Framework

Despite the complexities involved in the design of community-driven rural development and the need for flexibility in their implementation, there are certain key principles that determine whether these projects will be successful. The key elements of a successful community-driven development project are participation, sustainability, social inclusion and an enabling policy environment. In order to achieve greater and more consistent implementation success, a clear understanding of the interrelationships among these key elements is needed.

Form and Quality of Community Participation

Community participation can be thought of as a continuum that defines its form and quality. Community participation can range from the simple gathering of information from stakeholders to the actual empowerment of communities. At the lowest end of the continuum, project planners and designer may simply interview and *gather information* from community stakeholders in order to develop their own plans without explicit comments or approval by the community. This is the top-down, centralized, paternalistic approach that was most common in the 1960s and 1970s.

The next level of community participation involves the *consultation* mode, wherein the community may be presented with several options and is asked to comment or to rank their preferences. This preference ranking may or may not be taken into account in final project design. In practice, the options that are strongly opposed by a broad cross-section tend to be discarded as unworkable by the social planners.

The third level involves *active participation*. In this mode, community representatives and/or residents craft the interventions and participate in their implementation. The degree of participation and control can range from tailor-made solutions to a more feasible, limited agreed-upon menu that can be implemented in a variety of communities.

Finally, in the *empowerment* mode, community groups are not only allowed to participate in the design of interventions and allocation of resources, but are also trained and encouraged to continue to act on their own in the future. They learn how to develop proposals, estimate budgets, raise funds, and to negotiate and lobby government officials. In short, they are trained to become agents of change.

Practitioners use a variety of methods to support participatory development. These specific methodologies will not be reviewed in detail here.[3] Suffice it to say, that a diligent application of any one method can yield good results as long as the facilitators are sensitive to the differences between subgroups and that broad based inclusion is pursued.

[3] There are workshop-based methods (Appreciation Influence Control (AIC); Objectives-Oriented Project Planning (ZOPP); Logical Framework Analysis (LFA), and Team Up. There are also community-based collaborative decision making techniques– Participatory Rural Appraisal (PRA) and Self-esteem, Associative Strengths, Resourcefulness, Action Planning, and Responsibility (SARAR). In addition, there are stakeholder consultation methods, Beneficiary Assessment (BA) and Systematic Client Consultation (SCC) and supplementary techniques, Social Assessment (SA) and Gender Analysis (GA), that are used to fill gaps in other methods that are subject to male and elite capture. These two techniques show the impacts on marginal groups and females.

Sustainability

For the agreed-upon intervention to succeed and continue over time, the issue of how sustainability is achieved becomes critical.[4] Four elements are needed for sustainability; (i) demand-based approaches in the provision of goods and services; (ii) effective social mobilization; (iii) financial viability; and (iv) environmental and social soundness.

First, for an intervention to be minimally sustainable, it must respond to genuine local needs, demands and priorities, and not be a distant social planner's idea. In support of a demand-based approach, external agencies and actors need to develop clear rules of engagement and help the community groups make informed decisions by comparing costs and benefits among various options.

Second, the community has to be mobilized to act in its own best interests. The degree of organizational capacity in a given community is fundamental for the success of community-driven rural development projects. The better the community can network with others outside the area, pool monetary and labor resources, share information internally, leverage limited resources to achieve shared goals, and quickly and equitably resolve conflicts, the greater the likelihood the project will achieve its goals. In the initial phases, external actors may need to act as facilitators and catalysts. These persons should be accountable to community groups and have a clear exit or weaning strategy.

The Achilles tendon of most community-driven rural development projects is financial viability. Sustainability requires significant community contributions (both cash and in-kind) toward initial capital outlays and, in many sectors, full recovery of operational and maintenance costs. The extent of internal resource mobilization is a key indicator of sustainability. Unfortunately, the community is typically too poor to make large cash contributions and the local municipal government has virtually no tax revenue base and is dependent on unreliable and inadequate transfers from the central government. Other times, communities and municipal authorities do not have the requisite technical expertise and financial resources to make infrastructure repairs. Still on other occasions, low degrees of social mobilization (free-rider incentives) can lead to drop-offs in volunteer labor pledged to maintain public infrastructure. As a result, the infrastructure deteriorates and becomes of limited or no use in the lapse of a few years.

Fourth, environmental and social soundness are very important to long-term sustainability. Intensification of crops or construction of public works can lead to loss of soil fertility, nutrient pollution of nearby streams or bodies of water, and expansion of the agricultural frontier with subsequent deforestation and loss of biodiversity. Similarly, projects that exacerbate preexisting social and economic inequalities may be subject to backlash and increased civil tensions. In summary, projects that increase income in the short run but do not include sound environmental management practices may eventually witness the erosion of the income gains realized.

Social Inclusion

Societies in poor rural areas are not necessarily homogeneous nor are they fully transparent and accountable to all population segments. They will have differences in class, gender, race/ethnicity, religion, and vulnerability (extreme poverty, agedness, physical and mental disabilities and debilitating diseases such as HIV/AIDS).

[4] In project design and implementation, sustainability ought to be treated as a cross-cutting issue, and not as a separate one. For analytical purposes, however, it is useful to highlight certain aspects that contribute to a greater likelihood of attaining sustainability.

Rural communities can be highly stratified. Most often, the better educated, wealthier, land-owning and/or merchant class tends to dominate interactions with outside actors and could easily set priorities that are at odds with those of other subgroups. Likewise, men may dominate public discussions and will not acknowledge and/or respect women's issues and viewpoints. Moreover, certain vulnerable and marginal groups in the rural community may be virtually invisible and excluded from traditional community planning and governance structures due to discrimination and social distance.

In order to assure that the community-driven projects yield benefits, all community subgroups must be consulted and have their voices heard. For example, special efforts may be necessary to consult women and include their opinions and desires in the project. Because of differential distribution of power, common ground may not be easily reached and external actors must be prepared to work simultaneously with vulnerable subgroups as well as the main groups in a community in order to build management capacity and confidence in the excluded groups and then slowly try to establish bridges between all the subgroups. To ensure inclusion and fairness, the external agents of change may have to initially increase conflict in the community, given that it cannot be assumed that the local elite will "rule with benevolent enlightenment." On the contrary, inequality can be exacerbated through project interventions. Depending on the size of the marginal group and the particular context, a backlash from the excluded groups can derail the benefits of the community-driven rural development project, delegitimatize the entire process of community participation and/or consultation, undermine chances of achieving financial sustainability after external project funding stops, and make it difficult to enhance welfare for the largest number of people possible.

Enabling Policy and Institutional Environment

The coordination of efforts between the various economic level (local, micro-, meso-, and macro) is critical for success. In many instances, community-driven rural development projects are well executed at the local or micro level, but take place in a larger hostile external policy and institutional environments. The adverse influence of the external factors can limit or negate the positive impact of interventions at the micro or community level and, more often than not, seriously affect financial viability over the medium to long term. Four elements are essential for the creation of an enabling policy and institutional environment.

First, the central and regional governments should have created a *pro poor rural development strategy* and committed themselves to its implementation. Without a strategy or plan to promote economic growth with equity in rural areas, efforts will remain sporadic and isolated. The existence of many individual CDRD projects may not add up to substantive transformation and a sustainable decline in rural poverty rates.

Second, successful community-driven rural development projects require effective *decentralization*. Local municipal governments are better placed than central government agencies to allocate public resources across community groups and to accept long-term responsibility for operational and maintenance activities. However, local governments must have the authority or mandate to plan and deliver services as well as the technical and financial wherewithal to comply with expanded mandates. A wave of decentralization has washed over the region during the last decade, expanding mandates and devolving power to local authorities, but the capacity to respond to increased responsibility has not been developed as rapidly. As a result, the quality of

some services has deteriorated, leading to increased levels of frustration.

Third, *economic policies that are neutral or favor rural areas*, especially with respect to infrastructure investments, agriculture, enterprise development, and local economic development, help to reinforce community interventions. More often than not, overall economic policies are biased against rural areas and agriculture, in particular. These biases reduce the competitiveness and profitability of all rural enterprises. As a result, there is less rural income growth, less rural employment generation, and a stronger reason for rural residents to migrate to urban areas or overseas.

Fourth, the *capacity of supporting institutions* in rural areas to deliver services efficiently and at a reasonable cost, and to establish effective coordinating mechanisms among themselves is critical to improving rural productivity and income growth. If supporting institutions (schools, universities, extension agencies, telecommunications, water and sanitation, transportation, agricultural marketing, industrial promotion, etc.) fail to deliver, local community efforts are jeopardized. Effective community-driven rural development requires that the roles of key actors (public, private, civil society, and community groups) be appropriately and coherently defined. For example, the division of labor between private, public, and civil society organizations will be quite different for building and maintaining a rural road network than for schools and health clinics.

Nonetheless, participatory structures and interfaces should be consistent across sectors to avoid overload and confusion. In other words, every government line agency or external donor organization should not create its own community planning mechanism for single sector interventions. The result can be three or four community planning structures in the same area utilizing basically the same community leaders. Moreover, rules and regulations that impede procurement or preserve government monopoly rights have to be eliminated. Likewise, government agencies have to reform their incentive system to become more agile and responsive to community group needs, to share information and improve their coordination with other support agencies, and to engage in more program monitoring and evaluation in order to quickly identify lessons that can reduce cost and improve the effectiveness in CDRD projects.

Methodology and Structure of the Report

The methodology used in this study is twofold. First, a literature review of the academic literature (chapter 2) and donor agency project documents and consultant reports (chapter 3) for Central America[5] was conducted to understand key advances in the field and to derive a set of common findings. Second, field interviews with key stakeholders and focus group interviews (about 30) were held in Nicaragua, covering four different rural community development projects.

The selection of communities to be interviewed (chapter 4) was done in a manner that permitted obtaining a nonrandom, but stratified sample in terms of geography (Pacific coastal plain, Central highlands, and Atlantic humid tropical forest) and type of sectoral intervention (a project that emphasized building productive agricultural activities; a project that emphasized improved on-farm natural resource management; and a project that emphasized construction of road and wharves). Findings from the review informed the fieldwork. Chapter 5 presents summary lessons learned from the field, while chapter 6 offers recommendations to improve new project design and implementation.

[5] A few South American and Caribbean countries were included as well.

Caution should be exercised in extrapolating findings from the Nicaragua case study to all countries in the Americas. However, a cross-check of findings in the general literature and other projects in Central America corroborate the conclusions drawn.

II. Background

The literature on community-driven development is extensive but scattered across several disciplines, including rural sociology, agricultural economics, environmental sciences, public administration, anthropology, business administration, and finance. There is no overarching theory and it is multi-disciplinary by definition. As a result, there is a variety of perspectives and approaches. Moreover, much of the most recent literature, dating from the late 1990s (a period of shifting paradigms and experimentation) has not been published in peer reviewed academic journals and is difficult to access. Much of it consists of unpublished theses, consultant and staff reports of donor and government agencies, as well as technical service providers.[6]

In order to organize and structure the discussion, we take an issues approach. Therefore, we review the existing body of knowledge in the four areas of interest: (i) community participation; (ii) sustainability; (iii) social inclusion; and (iv) enabling environment. The findings are summarized below.

Community Participation

Community participation is undeniably vital in the process. However, there are several issues to consider when carrying a community participation exercise.

The first issue is how far and wide the community is surveyed to assure that most, if not all, subgroups are included in the process. The trade-offs are cost and equity. A thorough survey of a community's needs will increase costs and the design time. A more limited canvassing will result in a faster design period but risks a lack of ownership of the project by the community and the concentration of benefits on a particular group. This can lead to implementation problems and increases the potential for backlash from subgroups that were not included. Moreover, the poorest of the poor will very likely be excluded if community participation is rushed.

The second issue is how to reconcile differences of opinion and viewpoints that are bound to emerge within the community.

The third issue is what local structures and mechanisms are involved in the implementation of the project. The community has to communicate with a number of outside agents, donor organizations, elected officials, supporting institutions, and technical service providers on a regular basis. It also has to mobilize citizens and financial resources for various tasks, and it has to be able to plan, execute, and resolve differences. It is impractical to regularly convene large groups to make decisions. Choosing representatives and institutionalizing the process therefore becomes an issue.

What is the Optimal Level of Consultation and Participation?

Community participation can be justified on three grounds: (i) instrumental, (ii) ideological, and (iii) political (Leeuwis, 2000).

On instrumental grounds, the intervening agent, normally a government or donor agency with an explicit socioeconomic goal –(poverty reduction, accelerated economic growth, etc.) wishes to gain access to relevant information, win the trust of relevant local networks, and

[6] Some the of the principal protagonists in the field were Chambers (1994); Engel (1995); Fals Borda (1998) , Jiggins and de Zeeuw (1992); Nelson and Wright (1995); Okali (1994); Pretty (1994); Rahman (1993); Roling (1994); and Scoones and Thompson (1994).

clearly identify the target groups. To do so, the agent should rely on community participation planning techniques. This is the means for getting the necessary information to design and implement a project that has a fixed and externally imposed goal. Residents of a community can also be viewed as having the right and/or duty to participate in activities that will affect their material well-being (this is the ideological argument). Lastly, community participation can be viewed as an end in and of itself, because community residents should be "empowered" to determine their own future (this is the political justification).

As noted earlier, participation can vary considerably, ranging from *information gathering* to *consultation* to *active participation* to *empowerment*. The level of participation, nonetheless, is essentially based on the distribution of decision-making power between the community and the external actors (government and/or donors).

The question is what determines the level of participation. In technical and bureaucratic terms, the answer is largely a function of the complexity of the project and the capacity of the community residents. Obviously, a community characterized by high rates of poverty and low levels of educational attainment would not be expected or entrusted with a major crop diversification effort, but they may be entrusted with the building and maintenance of rural roads with minimal assistance from outside road engineers and the use of heavy equipment. At a deeper, political economy level, however, the answer is normally not so simple.

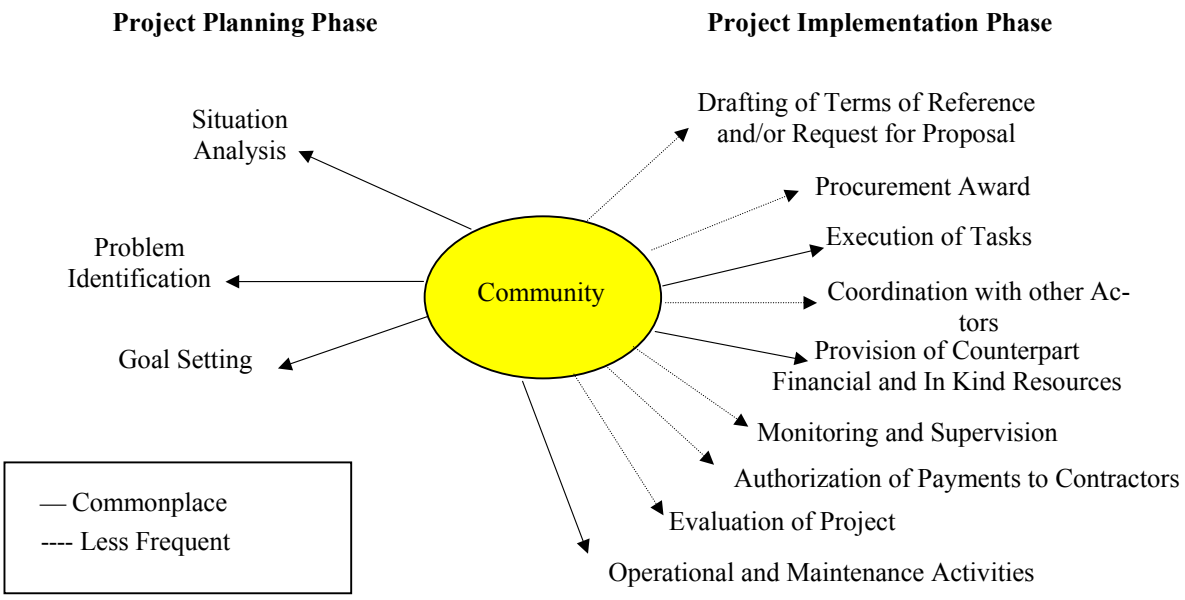
In many instances, community development projects, whether they be housing, slum upgrading, or rural development, occur in a setting where the interests of the community, the national government, and international development organizations compete and collide. How the competing interests are resolved determines the form and level of participation that is observed in a particular community development project as it unfolds (Zetter and Hamza, 1997).

Proponents of this line of analysis argue game theory applies because each of the participants has an agenda. The national government would play the key role of mediator between external donor interests and local community interests. Often, the donor seeks improved effectiveness in its financed projects and believes that high levels of community participation will help attain its goals of income growth and poverty alleviation. For its part, the national government wants to maintain a high level of control over the community development project in order to keep municipal entities and local communities subordinated and beholden to national leaders and national goals, to preserve the domain of line bureaucracies, and to use foreign financing to support the budget or improve the balance of payments. The local community often wants immediate action and accountability, and pushes for high levels of local participation.

As the "game" ensues, the national government makes the local municipal authorities and local community groups appear less able to effectively administer and implement projects. This is used to justify limited community participation, which is usually restricted to information gathering and problem identification, and the channeling of most of the foreign resources through its line agencies (Figure 1).

Figure 1

Level of Community Decision-making



For their part, local officials and community leaders paint a picture of a distant, unresponsive, even corrupt central government, and attempt to get donor funds and assistance to bypass central authorities. The donor agency recognizes the weaknesses of the central government, the local community groups, and municipal governments but is pressured to approve and disburse monies rapidly. The national government may guarantee repayment of the loan, or may be expected to act in ways consistent with the donor's policy agenda. The end result is a set of compromises that satisfies some of the needs, but not all of the parties involved.

Project design compromises normally create problems for effective and efficient implementation. At the macro- level, the central government typically accepts the externally introduced concepts of community participation to the minimum level necessary to satisfy the donor's technical requirements. At other times, the donor agency may try to placate the interests of the central government who wants to channel aid rapidly to a volatile area in order to maintain stability. At the micro level, the central government may employ a number of strategies for participation that are largely illusory to mediate competing interests in the target communities but preserve bureaucratic prerogatives. In some cases, the national government may view a particular underdeveloped region as a national treasure trove and may not want to give "local voices" too much of a say because their interest in autonomy may conflict with national goals (for example, finding an escape valve for a land distribution problem or rapid development and transfer of resource wealth out of the region).

In order to improve project design and implementation, the conclusion of this line of reasoning is that more attention has to be paid to social structure, incentives, and social contracts. It is not just a matter of advocating

community participation or mandating it. The factors that underpin national policy-making should be recognized and made explicit in the project design phase. Otherwise, the "mandates" for community participation will be undermined and manipulated.

In short, optimal levels of community participation are a function of technical considerations, namely the level of installed local capacity to manage a project, as well as political economy considerations and underlying objectives (means to gather information or pursuit of empowerment). Much of the existing project evaluation literature focuses on the capacity constraints and not on political economy considerations. In the future, perhaps more attention should be focused on the political economy considerations if implementation is to be improved.

Reconciling Differences of Opinions and Opposing Interests

The literature is divided into the "naïve" and "negotiation" schools. The naïve school holds that applying any of the leading participatory methodologies or consultative techniques along with gender analysis will usually yield a "common denominator" of project priorities that the external agents can act upon.[7] The key is to have a sensitive and keen facilitator who avoids being excessively influenced by any one subgroup, especially the elite. Essentially, by choosing projects that benefit the largest number, a potentially difficult situation can be defused (Jiggins, 1992). The other school suggests that negotiation theory may form a more appropriate basis for organizing participatory development efforts because the leading methodologies are based on a false premise.

Most of the participatory methodologies assume that the main obstacles to comprehensive change and socioeconomic development are lack of knowledge and appropriate skills. By bringing all the stakeholders together and engaging them in joint situation and problem analysis, the hope is that "collective areas for action can be identified and prioritized." The role of the external agent is to help supply the missing inputs, normally financing and specialized technical skills, that will allow the community to mobilize and work toward stated priorities. The "negotiation school" posits that social conflict and struggle over access to resources is more commonplace in real life than presented in the classic participatory literature, and that the unequal distribution of power is the principal obstacle to change, not knowledge or skills (Leeuwis, 2000).

A classic example is the overuse of a natural resource by one group. That group's activity is not in the overall community's interest or even in the interest of another subgroup, but it is in the interest of the benefiting group. The common participatory methods use communication and reason to convince the offending group to introduce more sustainable resource management techniques. The new proposal calls for an explicit recognition of the basis for conflict and, through group processes, to work toward a solution to distribute the pain or gain or an integrative win-win solution that addresses the underlying problem and incorporates social learning and alliance building (Leeuwis, 2000).

Structures for Participatory Governance and Project Implementation

The natural inclination of external change agents is to use any existing local structures or

[7] The common methodologies are Participatory Rural Appraisal (PRA) and Participatory Action Research (PAR). These techniques are used in community-based situational analysis as a point of departure for planning future local action. However, there are several specialized techniques that are suited only for specific circumstances, such as Rapid Appraisal of Agricultural Knowledge Systems (agricultural production) and Farmer Participatory Research (solving socio-technical problems in low external input, sustainable agriculture).

institutions. In tribal societies, that would imply the office of the chief, while in village-based societies it would involve village headmen and councils. In more westernized developing societies, this may entail the participation of local elected officials or town governing committees or, in their absence, farmers associations, community development associations, or notables (teachers, priests, successful businesspersons) as proxies.

If no appropriate structure exists, a new representative group or leadership may need to be formed. An example is the establishment of a water users' association to maintain irrigation works or water and sanitation systems in many infrastructure projects. The association is charged with cost recovery and contracting the necessary outside services to repair and keep the system running. In productive projects, if farmers or entrepreneurs associations do not already exist, a new group normally is formed to help extension agents disseminate information and skills effectively in remote areas through by training a lead farmer who, in turn, trains his neighbors. Such associations can also be formed to improve marketing and for pooling resources to buy inputs in bulk.

The advantage of using existing structures is that it reduces transactions cost and helps earn goodwill by showing respect for legitimate leadership structures. The risk in using these structures is that in some instances they may not be fully representative of all subgroups in the community, especially women and racial, ethnic, and religious minorities. In other instances, the existing structures may be *de facto* illegitimate due to corruption or incompetence and will have to be either bypassed or replaced. In the case of Nicaragua, for example, the biggest problem in community and municipal development seems not to be so much incompetence or the political manipulation of the distribution of benefits but "projectitis" and lack of donor coordination (Guadagni et al, 2000).

In some instances, several donor agencies and central governments may be active in the same rural area with projects in different sectors. Each donor then proceeds to create its own project planning and implementation unit or community advisory group for each project at the community level. The result is that scarce local leadership talent becomes overextended. The most dedicated and talented leaders may end up serving on three or four different community committees and no long-term institutional structures are created that can handle all the development concerns of the community. Thus, not only is the quality of administration in each project jeopardized, but also the community loses an opportunity to set its own development agenda and become empowered. The problem is compounded at the central government level where government institutes and agencies become "archipelagos of projects," managing anywhere from five to fourteen different externally financed projects simultaneously (Guadagni et al, 2000). In such cases, coordination, information sharing and intergovernmental relationships among the various divisions in the same ministry that manage the different projects, can be much improved.

Sustainability[8]

Rural community development projects can be divided into three categories: (i) small-scale infrastructure projects, (ii) productive and natural resource management projects, and (iii) municipal government strengthening projects. Achieving financial viability and sustainability over time has always been a major challenge in community-driven projects. The main weakness is that many of the goods and services provided in these projects are public in nature, and governments, especially municipal ones, have been incapable of providing

[8] The main source of information for this section is "Lessons on Community-Driven Development." Operations Evaluation Department. World Bank, Washington, D.C. August 2000.

long-term financing. In Latin America, the main reason local municipal governments have difficulties is that they cannot efficiently collect taxes because citizens are either too poor or do not want to pay because they feel that the municipal government does not provide the necessary services. Because municipal governments have a small tax base and the central government transfers that they receive are limited in size, they generally provide the bare minimum of services (civil registry, maintenance of parks and cemeteries, fire protection services, trash collection, and street cleaning and road maintenance), largely to urban areas. They provide even fewer services to the rural areas.

Typical social investment funds (SIF) programs offer rural communities a menu of small-scale infrastructure projects such as schools, health clinics, roads, small bridges, water and sanitation systems. The community normally can only select one intervention. In order to ensure sustainability, the appropriate line ministries (health and education) sign promissory notes to staff schools and clinics. In addition, the municipal government, along with an organized community group, promise to assume responsibility for operation and maintenance of the infrastructure. A fee structure is normally established and volunteer brigades of unskilled local labor maintain the infrastructure. Skilled labor and special equipment needed for repairs are either contracted or obtained from the relevant line ministry. Problems arise when the fee structure is too low or the local group fails to mobilize and coordinate the necessary labor inputs to maintain the infrastructure.

In the case of productive and natural resource management projects, extension services, subsidized inputs, and sometimes credit are provided for the life of the project. Financing the necessary services and inputs becomes problematic once the project reaches an end because farmers may not be able to bear the full cost of private extension services and have great difficulties gaining access to formal credit markets.

In some community-driven projects, attempts are made to strengthen the capacity of municipal governments to formulate investment plans, consult with constituencies in more regular and transparent ways, deliver services more effectively, and generate more revenue.

The literature seems to suggest that, first and foremost, government failure in delivering public services needs to be corrected in a prompt manner. Social investment funds and many community-driven projects are second-best options for addressing the failure of national and local governments to deliver needed public services. These types of projects were approved and implemented with increasing frequency in the 1990s to deal with rising poverty and the potential for social disintegration that it created. Social investment funds were established on the premise that they would be an emergency, short-term means of compensating for expenditure cuts in line ministries during structural adjustment programs. However, given that structural adjustment programs have, for the most part, ended in Latin America and the Caribbean, the SIFs have now outlived their original purpose. They are increasingly focusing on institutional strengthening and have become a vehicle for experimental and pilot projects that outsource the provision of certain social services. A long-term solution involves restoring the line ministries' ability to fulfill their original mandates.

The revenue base of local municipalities should be increased so that at least small-scale infrastructure projects can be maintained and basic services provided. Unfortunately, this may entail updating land cadastres (a process that can be expensive) in order to levy land and property taxes. Successful projects are those that generate funds locally to cover on-

going expenses (World Bank, 2000). A secondary benefit of improved municipal sustainability is enhanced credibility and accountability.

Community-based groups need additional strengthening to play a more vital role in planning and monitoring the implementation of community projects. Public-private partnerships have an important role to play in accelerating development. The challenge is to properly define the roles that each should play. In the past there have been numerous attempts on the part of governments to take control over all aspects of community projects. Similarly, there have been other cases of governments expecting civil groups to provide public goods without the requisite financial means and technical know-how. Private enterprise and cooperative models should be explored to help sustain community-driven projects in cases where those projects yield private benefits. Examples are the establishment of cooperatives to help pay for extension agents out of membership dues, and the establishment of well-designed revolving credit funds that charge interest rates that cover all operational expenses and inflation.

Finally, sound monitoring and evaluation systems need to be in place in order to avoid waste and to be able to make mid-course corrections (World Bank, 2000).

Social Inclusion

Social exclusion is a concept that embodies political, cultural, and economic deprivation. It refers to a cumulative process whereby different risk factors interact in time and space to decrease the capabilities of vulnerable social groups to mitigate these risks and to satisfy basic civil and economic needs. In Latin America, the typical victims of exclusion are indigenous peoples and persons of African descent. They tend to be employed in the lowest occupational ranks, experience more unemployment and poverty, be grossly underrepresented in elected political office, and score low on most indicators of welfare (including literacy, life expectancy, infant mortality, malnutrition, incidence of infectious diseases, and levels of incarceration). They also find that their ethno-cultural heritage is less appreciated and valued than that of European descendants and mestizos. It is a phenomenon that robs these two groups of the ability to participate fully in the life of their societies and to be upwardly mobile.

Victims of exclusion suffer on three fronts. Economically, they tend to be discriminated against in labor markets and thus earn less for comparable levels of education and skills (GRADE, 2002). As a result of reduced earning power, they tend to live in substandard housing and be less able to afford medical care. Their children tend to have lower levels of education than those of other social groups. Finally, because they are relatively unable to accumulate wealth and may have an unstable work experience, it is more difficult for them to gain access to credit markets.

Victims of exclusion also tend have their citizenship rights infringed upon. They are less likely to be able to seek redress of grievances for bias or to protect property rights from alienation through the courts or public institutions. They are less likely to be elected to political office. Traditional land claims are commonly not respected or legalized. Many times they are not properly counted on censuses and therefore cannot use racially or ethnically coded data to justify interventions or to inform the design of public policies.[9]

Victims of exclusion also suffer socially and culturally by having their histories, languages,

[9] As of 2000, only Brazil, Guatemala, Peru and Colombia gathered explicit racial data on their census. Since then, an IDB-financed operation is assisting other governments to design and incorporate race questions into upcoming census.

phenotypes, and cultural heritages denigrated and devalued. In Latin America, the historical achievements of indigenous peoples and African descendants are not taught in school nor celebrated widely. Indigenous languages and African-based Creole or pidgin languages are not respected and until recently were suppressed in school settings in favor of Spanish or Portuguese.[10] Classic Indian and African phenotypes are not considered equally valid as the classic European beauty standard. Accordingly, few indigenous or Afro-Latin women win national beauty contests or are featured in advertisements selling leisure and luxury goods or representing firms in public relations campaigns, even though these two groups may constitute more than 30% to 50% of the population in some countries (OOA, 1999). The cosmic religious value systems and traditional medicines of these people are considered pagan, backward, and unscientific. In many societies, syncretistic practices that blend Catholicism and pre-Columbian and African religions have emerged and survive to this day as a clever adaptation to honor ancient traditions. Only the art, cooking, dance, and music of these groups have enjoyed some crossover appeal. Depending on the country, some of these cultural expressions have been either accepted wholly or blended with other forms and are valued by the majority population. As of late, most countries have followed a strict policy of assimilation. The idea being that once racial and ethnic minorities acquire the requisite Spanish or Portuguese language skills, education, and competence in particular trades or crafts, they would be better able to advance. Indigenous peoples and persons of African descent were seen as handicapped by low levels of human capital rather than by social discrimination. A paradigm shift is now occurring that recognizes both social discrimination and low levels of human capital as handicaps and seeks a policy of accommodation of cultural differences.

The early generation of rural development projects failed to reach excluded population groups. In fact, the principal beneficiaries of integrated rural development projects in the 1970 and 1980s were mestizo and white *colonos*, that is, people who had migrated to the agricultural frontier (Renshaw, et al. 2001)

The development of excluded population groups should not be regarded simply as their optimal assimilation or integration into the mainstream western socioeconomic development process. Indigenous peoples have rights, which should be respected. The individual population group should decide what it wants, even when their view may conflict with western views of development. Hence, the key is to appropriate the advances of western material culture without sacrificing, or losing traditional values, norms, or belief systems. In this connection, the greatest challenge is to develop local institutional capacity.

Enabling Environment

Rural community development does not occur in a vacuum and many economic and political policies and institutions can affect the outcome of local projects and initiatives. Successful rural development initiatives require greater macroeconomic stability (low inflation, stable currency, moderate current account deficits); equitable expenditures on rural infrastructure (roads, electricity, telecommunications, water and sanitation) and rural social services (education, health, agricultural extension); and government institutions that deliver services effectively in rural areas. Unfortunately, policies are too often biased against rural areas in developing countries, and the institutions responsible for delivering important rural services (such as the ministries of agriculture, municipal governments, univer-

[10] Bilingual education was introduced in Bolivia in 1995 and is now being considered in Peru. Brazil and Colombia began to revise public school curriculms to prominently include the contributions of African descendents and indigenous peoples.

sities, banks, and court systems) are either deficient or missing. As a result, rural community development projects normally take place in a hostile environment.

Three main constraints need to be addressed. First, access to knowledge and technical capacity need to be improved at the client-beneficiary, local government and central government levels. Second, poor coordination among the relevant public and private institutions that provide vital support services also needs to be improved. Finally, weak revenues or a weak financing base need to be improved to ensure the sustainability of interventions over the medium to long term, especially the provision of public goods.

There seem to be two ways to address these major threats or constraints. One way is to develop the capacity of local citizens to organize themselves effectively and to lobby for political change. In some places, the rural poor are unable to organize themselves and to make their voices heard politically. Rural communities that have greater social capital (degree of trust and cohesion) will be more able to effect political change by first obtaining more accurate information, demanding greater accountability on the part of political leaders, winning support for specific policy and program changes that benefit their communities, and monitoring implementation.

The second way is to pursue a donor-facilitated, "sequenced but integrated solution." Donors that support rural community development must provide assistance to improve the technical and institutional capacity of central and local government agencies responsible for delivering rural services. Municipal governments need to be able to plan investment programs, implement them, and improve the local ability to assess and collect taxes. Central and regional government agencies need to improve their capacity to build roads, staff schools and clinics, and provide safe drinking water. Beneficiary participation is necessary but not sufficient for ensuring sustainability and effectiveness. Focusing too much on consulting and organizing beneficiary groups will not solve the problems of long-term delivery of services.

In order to improve coordination between various public and private institutions that provide important services to the project, donors and client-beneficiary groups should align incentives so the supporting institutions respond. Donors and national governments can use conditioned block grants to encourage agencies to better share information and coordinate activities. For example, donors can allocate grants to a set of public agencies based on their degree of effectiveness in coordinating services to the targeted rural groups. The formation of inter-agency task forces or work committees is currently quite common, but the mechanism tends not to work in practice. It can get bogged down if the representatives do not have authority to make decisions, if the leadership of participating agencies is vying for power, or if the participating agencies are so strapped for resources that the addition of another unfunded mandate makes things even more difficult. Pecuniary and nonpecuniary staff rewards for good interagency collaboration should be contemplated to encourage the desired behavior. Often, serving on a coordination committee has little or no payoff in terms of personal professional advancement within the home agency. Coordinating structures need to be as small as possible, use electronic means of communication more heavily, and be rated and evaluated by client-beneficiary groups.

In order to improve the medium- and long-term financial sustainability of rural development interventions, various parties have to play a role. Municipal governments need to be able to expand their tax base to ensure the availability of local financing. Central governments need to make regular and predictable

transfers of funds to municipal governments in amounts sufficient to meet the sustainability aim. The establishment of competitive grant funds that are periodically replenished could finance winning proposals from rural community groups or public-private partnerships. Large firms need to act as good corporate citizens and actively support community development initiatives. Finally, community revolving funds run by professionals could help finance programs that are not attractive to formal financial intermediaries. Too often, financing is seen as the sole responsibility of the donor agency and local revolving funds are viewed as political patronage and thus arrears become unsustainably high (Guadgani et al., 2000).

III. Review of IDB and World Bank Projects

This section presents the results of an analysis of IDB and World Bank projects including program proposals, reports and other documentation.

The review comprised 20 different IDB projects in eight countries and 15 World Bank (WB) projects in seven countries (Annexes 1 and 2).[11] This sample of rural development projects was chosen on the basis of thematic and geographical criteria. Thus, the sample includes projects that focus on a range of different thematic issues (productive assets, capital, support services, and welfare programs) and have different approaches emphasizing community participation, decentralization, natural resources, and market-led growth. Furthermore, indigenous people, ethnic minorities, gender, as well as operational maintenance/sustainability, and poverty reduction have been issues of special importance in the selection of projects.

Each one of the 35 projects reviewed was systematically analyzed and graded according to 31 success criteria in seven areas (economic, social, participation, sustainability, environment, gender, and indigenous people). Annex 3 provides an overview of the findings for each project, and Annex 4 shows the average score of the project studied. It should be emphasized that this score was based on a reading of selected project documents only. With the exception of two IDB projects in Nicaragua, analysis of the projects in the field was not possible. The score, therefore, is based on a subjective assessment of secondary data and should be regarded as indicative only.

Key points concerning each of these 35 projects were highlighted, regardless of whether they were good practices or problems that emerged during the life of the projects. The results are arranged in four categories, namely:

- degree of community participation in phases of the project cycle;
- sustainability;
- social inclusion; and
- enabling environment for rural development.

Community Participation

Community participation is in evidence in different levels and degrees within the project cycle of the projects studied.

Information Gathering

The analysis yielded several examples of programs that had no community participation in the design and planning phases. One of these cases is the Sustainable Rural Roads Program (ES0129) in El Salvador.[12] Decisions during the design and planning phases were made by a technical team of specialists.

Other types of community participation can take the form of actually helping to build and maintain the infrastructure. For example, the Communal Construction Works and Employment Project (P068762) in Colombia is a poverty and unemployment alleviation program, which creates temporary jobs that help main-

[11] IDB projects were located in Nicaragua, Mexico, Guatemala, Honduras, El Salvador, Panama, Colombia, and Bolivia. World Bank projects were located in Nicaragua, Mexico, Guatemala, Honduras, Panama, Colombia, and Bolivia.

[12] Transportation programs of this sort are of critical importance for rural zones because they facilitate physical access to marketing centers, schools, and health centers, and to other services that contribute to improving the standard of living.

tain social infrastructure (schools, rural clinics, etc.).

In both cases, the community benefits from the new rural roads or as a result of the temporary employment created.

The Integrated Rural Development Program II (CO0173) in Colombia is typical of the rural development programs of the 1980s in which rural communities were beneficiaries but not active project participants.

Community participation in the majority of the cases (approximately 90 percent) studied is limited mostly to providing information about their needs and wishes and helping to identify problems during the design phase (see annexes). Sometimes data collection was performed via workshops and meetings. An example of this type is the Socio-Environmental and Forestry Development Program (POSAF II, NI0141), in which the community participates through its representatives in the local technical committees.

Community Consultation

The Darien Sustainable Development Program in Panama (PN0116), provides a good example of community consultation carried out by means of workshops for different segments of the population. The workshops yielded project proposals that were incorporated into the overall program. The discussion that follows centers on community participation in the design of projects or project components that form part of larger programs.

Active Participation

The Program for the Establishment of a Small Projects and Technical Cooperation Facility for Marginal Groups in Southeastern Mexico (SP9506249/TC9506249) provides a clear example of active community participation. Project implementation and approval for the interventions were decentralized and placed under the direction of the IDB field office in Mexico. The program provides loans and technical cooperation funds to organized community groups and NGOs in the participating states (Chiapas, Oaxaca, and Guerrero). Eligible community groups and NGOs are directly responsible for identifying, designing, implementing, and managing the activities and evaluating the results (IDB, 1996b).

Programs managed by social investment funds in Nicaragua and Honduras that follow the participatory microplanning methodology (PMP) are another example of active community participation (Grun and Schneider, 2000). This methodology is designed to include community representatives in project planning and decision-making (Grun and Schneider, 2000; Grohmann and Hernandez, 1998; IDB, 2000*a*; IDB, 2000*b*). Examples of these types of projects include the Program to Fight Poverty and Strengthen Local Capacity (NI0108) and the Rural Development Program for the Atlantic Region (NI0107) in Nicaragua, and the Poverty Alleviation and Local Development Program in Honduras (HO0161). World Bank projects of this type include the Program for the Development of Rural Municipalities (PROTIERRA) I and II (P007790 and P055823).

The IDB's Poverty Alleviation and Community Development Program (PN0111) in Panama works along the same lines. This Social Emergency Fund program requires the participation of the community, including vulnerable groups. The methodology involves community planning in the design and management of small interventions. Similarly, the World Bank's Reconstruction and Local Development Program in Guatemala (P049386) includes the participation of the largely indigenous local community in the formulation and development of projects (World Bank, 1998a). Another interesting example of community participation is the IDB's Program to Support

Indigenous and Black Communities (PAPIN, HO0193), which includes the participation of vulnerable groups in the design and execution of the program (IDB, 2001a).

Participation in the project execution phase varies according to the nature of the project. For example, in agriculture and livestock production projects, community participation is limited to those groups that have the most potential (individuals with more resources, especially land). Two Bank programs in Nicaragua (National Rural Development Program (NI0042) and the Program for Productive Agriculture Sector Reactivation, NI0014) tend to exclude vulnerable groups who lack access to land or whose financial resources are below a specified level. These groups were excluded because the selection of project beneficiaries was a function of access to land. Their exclusion is not a problem as long as other projects tend to the needs of excluded groups.

Monitoring and Evaluation

Unfortunately, the majority of the programs studied evince an absence or paucity of community participation in the evaluation and monitoring stages. In general about 65 percent of IDB programs analyzed for this study (Annexes 3 and 4) do not include community participation in the monitoring and evaluation phase. In the remainder of the cases, participation is weak or indirect. The exceptions are projects in which the communities themselves assume responsibility for running interventions. Examples include SP9506249/ TC9506249 (Mexico) and P049386 (Guatemala)in which the community monitors and evaluates the activities.

In addition, the Development of Indigenous Nations Project (P057416) includes a monitoring and learning component on poverty reduction, and attempts to involve the community in monitoring the project by including the participation of community leaders and representatives in a final evaluation workshop (World Bank, 2001a). Similarly, Panama's Rural Poverty and Natural Resources Project (P007847) includes a monitoring and evaluation system that is independent of project activities and was specifically set up to incorporate community participation (World Bank, 1996).

Sustainability

Community-based rural development programs face the challenge of maintaining profitability and financial sustainability once financing by donors and/or lenders is withdrawn. An important requirement of financial sustainability is winning the interest and commitment of the community as well as local and national government authorities. The feeling of belonging that active participation creates in the community encourages beneficiaries to continue the program activities.

A considerable weakness of rural development programs is that many of the assets and services that they provide are in the public domain and, despite community participation and government interest, local governments are often unable to provide long-term financing for these activities. Program sustainability is a complex issue that needs to be taken into account at every level: financial, institutional, technical, social and environmental. Program sustainability in the technical and institutional areas is similarly important and requires training and cooperation across many levels.

The Bank's Darien Sustainable Development Program (PN0116) in Panama and the Program for the Establishment of a Small Projects and Technical Cooperation Facility for Marginal Groups in Southeastern Mexico (SP9506249/ TC9506249) are good examples of community participation and ownership that yield sustainable rural development programs.

Two programs in Honduras (the World Bank's Community Education Project

(P007397) and the IDB's Program to Support Indigenous and Black Communities, PAPIN, HO0193) incorporate the needs and interests of beneficiaries in carrying out the program activities and construction work. The programs provide training in project maintenance and conservation, thus ensuring sustainability (IDB, 2001a).

Programs such as PROTIERRA and POSAF in Nicaragua are very important because they enhance inter-agency efforts at different levels, thereby promoting the combination of these approaches and avoiding duplication of efforts, permitting institutional growth and creating a stronger system of collaboration and institutional co-ordination. The same is true of the Project for Reconstruction and Local Development in Guatemala (P049386) financed by the World Bank. This integrated program includes social components that support community participation in the different phases of the project cycle. It helps strengthen and create capacity and a feeling of ownership that can contribute to program sustainability.

Social Inclusion

The excluded vulnerable groups of concern to rural development programs are indigenous groups, racial minorities, women and, in some cases, small farmers and/or landless persons.

Various rural development programs make an effort to include the participation of vulnerable groups in program activities. The IDB's Local Development and Poverty Reduction Program (HO0161) in Honduras, for example, requires that at least one of the community representatives in the microplanning committees be a woman (IDB, 1999; IDB, 2000b). The Program to Fight Poverty and Strengthen Local Capacity (NI0108) in Nicaragua relies on a methodology to identify the poorest and most vulnerable communities and areas based on poverty indicators and a poverty map (Grun and Schneider, 2000; Grohmann and Hernandez, 1998) to ensure the participation of the most needy and vulnerable groups in the development programs. The Darien Sustainable Development Program (PN0116) in Panama is also a good example of inclusion and participation of vulnerable groups in decision-making. The program includes activities to strengthen local governments at the village, *comarcas* and municipality level to improve their capacity to carry out program activities (IDB, 1998).

The Program to Support Indigenous and Black Communities (PAPIN, HO0193) in Honduras applies the concept of *ethno-engineering* which "includes a series of principles and methodologies whose aim is to adapt and adjust different infrastructure works to the specific cultural, social, and environmental traits of the beneficiary ethnic groups" (IDB, 2001a). The program will make an important contribution to drafting legislation to benefit indigenous people and black ethnic groups. This could open up the possibility of greater participation by these groups in the decision-making process for other development programs. It should be noted that Honduras is one of the few countries in Latin America that does not have this type of legislation (IDB, 2001*a*).

Examples of World Bank-financed programs promoting social inclusion are the Promotion of Sustainable Forest Investment Project (P052080), which attempts to increase the participation of vulnerable groups, such as indigenous peoples, via community consultation, technical assistance, and training to strengthen capacity and help ensure project sustainability. Another example is the Generosity Project–Gender Innovation Fund (P066938), which is based on community consultation and provides technical assistance and training to organized groups of rural women, especially peasant women. Another example is the Sustainable Coastal Tourism Project (P057859), which uses community consulta-

tion to involve ethnic groups, including Afro-Latins, in project activities.

The World Bank is also financing the Community Education Project (P007397) which supports the creation of intercultural, bilingual schools to favor vulnerable groups. The Rural Poverty and Natural Resources Project (P007847) is also worth mentioning here. This project applied the Indigenous Peoples' Development Plan (IPDP) to ensure their inclusion (World Bank, 1996). Yet another example is the Development of Indigenous Peoples Project (P057416), which provides financial assistance for interventions that are culturally, economically, socially, and environmentally viable and sustainable, especially interventions coming from groups of indigenous women. Examples of the interventions to be financed are production and marketing of crafts, and ethnic- and eco-tourism in indigenous communities (World Bank, 2001*a*).

Reaching the Poorest

Some of the programs studied tend to exclude the poorest and/or most vulnerable groups. For example, the Socio-Environmental and Forestry Development Program (POSAF I, NI0025) in Nicaragua included a component for forest management in indigenous communities on the Atlantic Coast (IDB, 1995*a*). The component could not be implemented because it conflicts with the interests of a foreign tree resin company in the area proposed for this component. This led to the concession of the exploitation rights to the company, thus excluding the indigenous groups.

Other problems where problems surfaced when the beneficiaries were about to be selected include the IDB's Program for Productive Agriculture Sector Reactivation (NI0014) in Nicaragua and the Economic Revitalization Program for Rural Areas (HO0144) in Honduras, as well as the World Bank's Community Forest Project (P007700). The main difficulty lies in the fact that beneficiaries must have access to productive assets and capital, and that this requirement results in the *exclusion* of the most vulnerable groups (for example, women, the landless, and those without property deeds).

As mentioned above, if criteria in some projects prevent the participation of certain groups, this should not be considered as a problem in itself as long as other projects tend to the excluded groups in question.

Enabling Environment

This chapter has discussed efforts and problems with interventions to improve community participation, social inclusion and program sustainability. But, in addition to these matters, there exist an infinite number of factors that affect these efforts. Access to factors that facilitate development (e.g., productive assets, human, financial, and social capital, public and private services, access to markets, as well as inter-institutional coordination), are some of the most critical. This section presents some experiences with projects that support activities to improve access to these factors.

Access to Productive Assets and to Social and Human Capital

Approximately 65 percent of the IDB programs studied provide some type of support to help beneficiaries gain access to productive assets. In some cases this support is targeted at vulnerable groups such as indigenous people, women, and the landless or those who do not have title to the land they occupy. Components that support training and strengthening of human capital and social development are found in more than 76 percent of the programs studied (cf. Annexes 3 and 4).

Among the examples of programs that to some degree promote access to productive and capital assets is the case of the IDB's POSAF II

project (NI0141). This program includes land titling and, in the case of married couples, requires that both spouses sign the title deed to the land. This gives the woman, and generally the couple, access not only to the asset itself but also to credit or financial assistance (IDB, 2001b). The Darien project in Panama (PN0116) has provisions for community participation and includes local government strengthening (including *comarcas* and municipalities) to increase their capacity to execute program activities (IDB, 1998). Another example is the Reconstruction and Local Development Project (P049386) financed by the World Bank in Guatemala, which includes a capacity training component for local government and community organizations in the areas of formulation, planning, evaluation, financing, maintenance, and execution of subprojects. It also includes training in participatory planning, which covers topics such as gender (World Bank, 1998*a*). Another example of interventions that enhance and create human and social capital is the IDB's Rural Entrepreneurial Development Program (TC9506231) in Honduras, which provides training for communities and strengthening for productive groups. It also provide technical training for youths who have demonstrated leadership potential as well as community leaders. The persons trained through this program are expected to pass on their knowledge to other members of the community (IDB, 1995*b*).

The World Bank Participatory Rural Investment Project in Bolivia (P040085) also contains an institutional strengthening component that includes technical assistance to local government and communities. The objective is that the municipalities, indigenous groups, and others can become capable of implementing their own development plans and projects. The aim is for the local municipalities to present proposals for rural development projects (World Bank, 1998*b*). Another example is the IDB's Program to Support Small and Micro Enterprises (BO0171), which is made up of two components. One is for credit; the other is for technical assistance for capacity strengthening, targeting small and microenterprises. Unfortunately, the second component has not performed satisfactorily.

Generally, support to productive assets and, in particular, training activities favor not only the sustainability and success of rural development programs that implement these components, but they also lay the foundation for improved participation and involvement in future rural development programs.

Access to Services and Markets

Access to basic services for the rural population promotes development, particularly if the services are appropriate to the needs of each group or rural community. For example, the Community Education Project (P007397) in Honduras, financed by the World Bank, is designed to improve the quality of preschool and primary education services in rural areas, vesting parents and teachers with the power to manage the schools in such a way that most benefits go to the community. Furthermore, this project will encourage the creation of inter-cultural bilingual schools that should benefit the indigenous and Afro-Latin communities in the project's area of influence (World Bank, 2001*b*). The IDB's PAPIN program (HO0193), applies the concept of ethnoengineering, to the provision of services to a particular population. Finally, the World Bank's Reconstruction and Local Development Project (P049386) financed in Guatemala finances small cultural, social, and economic infrastructure projects.

The aim of some of the productive programs is to create channels for access to markets or encourage marketing. In this way, the programs not only seek to increase rural household income but also to create financial capital for investment in productive activities as well as

the financial sustainability of the rural development programs. The World Bank's Rural Development in Marginalized Areas Project II (P057530) in Mexico includes a component for productive investment that finances subprojects in agricultural and livestock production, management of natural resources, and processing. This component tries to improve agricultural, livestock and forest production and attempts to support the processing and marketing of these products. In addition, the project includes a technical assistance component that provides courses and workshops on topics such as agricultural production (World Bank, 1999).

Another example of programs that facilitate access to markets is the Program for Productive Agriculture Sector Reactivation (NI0014) financed by the IDB in Nicaragua, which includes the following selection criteria:

- Activities should improve incentives for production and access to markets;
- Activities should improve access by means of marketing services (including technical assistance); and
- Activities should create human capital (for example in the management of agricultural businesses).

The program also incorporates activities such as the rehabilitation of rural roads and the construction of storage centers, which foster production (IDB, 1997*b*; Institute of Rural Development, 2001).

Another example is the Development of Indigenous Peoples Project (P057416) financed by the World Bank in Bolivia which provides financial and technical assistance, and training to the beneficiary groups, including information on market conditions, opportunities, and possible associations (World Bank, 2001*a*).

Coordination

Successful rural development interventions rely on coordination between various persons and groups involved. Unfortunately, coordination is a weak point in the rural development programs reviewed, even in the case of programs that were specifically designed to improve coordination. An example of a program that takes these issues into account is the Socio-Environment Development Program POSAF II (NI0141) financed by the IDB in Nicaragua, which is being jointly executed by the Ministry of Environment and Natural Resources (MARENA) and the National Forestry Institute (INAFOR). The tasks to be performed by each institution are well coordinated and defined to avoid duplications. In addition, an attempt will be made to coordinate the activities of this program with those of other BID programs, such as NI0107 (on the Nicaraguan Atlantic Coast). To this end, activities will rely on local NGOs to act as executing agencies to coordinate activities (IDB, 2001*b*). This program is currently in its initial phase, thus there are no results to report yet. Lack of coordination has caused obvious conflicts in some of the programs. For example, lack of coordination and collaboration between the institutions and local government resulted in delays in the Rural Development for the Atlantic Region program in Nicaragua (NI0107).

The institutional weakness of many executing agencies has had a negative effect on some of the development programs studied. For example, management shortfalls as well as central government and executing agency problems in the Sustainable Development Program for Petén (GU0081) resulted in delays in program implementation. Lack of institutional capacity in the executing agency and the municipal government also led to unsatisfactory performance in the Pacific Coast Sustainable Development Program (CO0059).

IV. Field Work in Nicaragua

Once the review of the general and the project-specific literature on rural development programs was completed (Annexes 1 and 2), four programs were selected for the fieldwork. This fieldwork consisted of visits to and analysis of rural development programs in Nicaragua. It included the following four projects: (1) Socio-Environmental and Forestry Development Program (POSAF I, NI0025); (2) Program for Productive Agriculture Sector Reactivation (NI0014); (3) Transport Sector Support Program; and (4) Sustainable Rural Agro-Forestry Development in the Municipalities of the South Atlantic Autonomous Region (*Región Autónoma Atlántica Sur*, RAAS). It should be noted that the first two projects were financed by the IDB, the third project is financed and implemented by Danida, and the fourth is financed by NORAD and implemented by the Nicaraguan organization FADCANIC (*Fundación para la Autonomía y el Desarrollo de la Costa Atlántica de Nicaragua*). Additional information on the selection criteria for this sample is found in the methodology section in chapter 1.

Socio-Environmental and Forestry Development Program (POSAF I, NI0025) [13]

This program was approved by the IDB on January 17, 1996 and is currently in its final phase with satisfactory results. Twenty-four million dollars were budgeted for implementation, of which:

- US$15.3 million was financed by the IDB (to date, approximately 98 percent of disbursements have been completed);
- US$4.5 million was provided by the Nordic Development Fund (NDF), and US$1 million by the Swedish International Development Cooperation Agency (SIDA);
- US$2.64 million was supplied (in kind, basically, labor) by farmers; and
- US$0.96 million was financed by the Government of Nicaragua.

The executing agency for this program is the Ministry of Environment and Natural Resources (MARENA).

The program's objective is to promote the sustainable management of natural resources, conservation of protected areas and the improvement of the institutional framework for environmental management in order to improve the socioeconomic situation and quality of life of the low-income rural population. Among the direct beneficiaries of this program are rural farmers and families inhabiting areas covered by the program, but it is expected that 23 other municipalities will benefit indirectly.[14] This program had an indigenous component under which approximately 15 communities would have benefited, but the component was not executed during this phase.

POSAF has three components: management and recovery of natural resources, conserva-

[13] Information from IDB, 1995a; *Informe de seguimiento de desempeño de proyecto (ISDP*), July 9, 2002; Information packet: "*El POSAF: cuatro años fortaleciendo la participación de la sociedad civil organizada para el manejo de recursos naturales en cuencas hidrográficas*," December 2000; Eduardo Marín and Francisco Rodríguez (MARENA/POSAF), February 2002, information collected in a personal interview during the IDB orientation mission to Nicaragua.

[14] Sub-basin Río Molino Norte and San Francisco in Matagalpa; sub-basin Río Jigüina in Jinotega; sub-basins Río Estelí and Río Pire in Estelí; sub-basins Río Dipilto and Río Jicaro in Nueva Segovia; sub-basin II in Managua; and sub-basin Río Grande in Carazo.

tion of protected areas and institutional strengthening.

Management and recovery of natural resources. Up to 79,322 hectares have been put under the management of forest and agro-forestry systems. About 11,384 families participate in activities whose goals are the diversification of production and productivity increases. In addition, 122.3 hectares of municipal parks have been reforested in 10 municipalities. Fifty-seven hundred farmers have been trained in at least one of the areas related to forest and agro-forestry systems, use of timber resources, carpentry, and the preparation of management plans. Furthermore four associations of forest owners (with 239 beneficiaries) have been created, managing a total of 8,000 hectares of pine forests. Also, 120 technicians who provide technical assistance have been trained in the productive systems promoted by POSAF.

Conservation of protected areas. As part of this component, the areas to be protected were marked off into zones. Approximately 1,245 community leaders were trained in the management of natural resources, environmental services, and regulations for protected areas. The preparation of management plans has been initiated, and the operational infrastructure for the Wildlife Refuge Center in Chacocente has been completed.

Institutional strengthening. This component entails training 100 technicians from the executing agencies, MARENA, municipal staff and some producers in participatory project formulation. Other training provided includes the following:

- POSAF's model for technical assistance (150 technicians);
- Methodology and preparation of technical assistance plans (120 technicians);
- Methodology toolbox (120 technicians);
- On-the-job training (100 technicians);
- Technical assistance follow up (400 farmers);
- 70 technicians trained in procedures and practices for internal management control;
- 69 technicians trained in the SIMOSE monitoring and follow-up system;
- 35 technicians trained in the management of broadleaf forests;
- 10 technicians trained in basin management;
- Training course on systematization for peasant farmers (five participating technicians);
- Preparation and follow-up of forest management plans (35 technicians);
- Management of oak forests (*Quercus*) with a focus on pests (30 technicians).

This component includes the creation of eleven education projects in the areas of Managua, Matagalpa, Estelí, Jinotega, Carazo, and Nueva Segovia. Ten technicians from the Program Co-ordination Unit received training in the economics of agro-forestry systems and management of the Microsoft Projects software package.

POSAF works through executing agencies (known as OCEs in their Spanish acronym). These agencies are taking on the role of intermediaries between the communities and those who put the projects into practice. They provide direct services to the farmers in the form of technical assistance and training and also supply materials and other inputs.

Socio-environment and Forestry Development Program (POSAF II, NI0141)[15]

This IDB program was approved in September 2001 for a total of US$38,000,000, of which US$32.7 million is financed by the IDB. The program's objective is to improve socioeconomic conditions and the quality of life of persons living in priority basins, and to reduce the impact of natural disasters. The executing agencies are MARENA and the National Forestry Institute (INAFOR). Each has well-defined tasks and functions that avoid the duplication of efforts.

The components of this phase of the program include:

- Management and sustainable use of natural resources at the farm level;
- Community works to prevent and mitigate natural disasters; and
- Strengthening and training in natural resource management.

The beneficiaries for this phase include small and medium-sized producers—who also benefit indirectly from disaster prevention and mitigation activities—, female producers, and indigenous and Afro-Latin communities, as well as other groups in the areas of influence of the project. POSAF II attempts to extend POSAF I to reach more beneficiaries and influence a larger area (including indigenous and Afro-Latin communities living in autonomous regions of the North and South Atlantic). This program also provides for the participation of the community in decision-making processes through local technical committees, which include community representatives.

Program for Productive Agriculture Sector Reactivation (NI0014) [16]

This IDB program was approved in December 1997 with a total budget of US$44,600,000, of which US$40,000,000 are financed by the IDB, and approximately 85 percent has been disbursed. The objective of this program is to carry out projects to increase agricultural competitiveness in a sustainable manner in order to maximize the sector's contribution to economic growth and reduce poverty. The executing agency is the National Rural Development Program (*Programa Nacional de Desarrollo Rural*, PNDR), presently known as the Rural Development Institute (*Instituto de Desarrollo Rural*, IDR), in collaboration with the Ministry of Agriculture and Livestock (MAG), now known as the Ministry of Agriculture, Livestock, and *Forestry (Ministerio Agropecuario y Forestal*, MAGFOR).

Beneficiaries of this program were selected on the basis of their access to productive assets, particularly land. As a result, vulnerable groups who lack access to land or land titles were excluded. Program beneficiaries have largely been small- and medium-size farmers. The program finances investments to improve the institutional performance of the public sector (as it pertains to agriculture and livestock) and support various activities to increase productive competitiveness in the private sector and stimulate rural development.

[15] Information derived from IDB, 2001*b*; *Informe de Seguimiento de Desempeño de Proyecto (ISDP*), 9th July 2002; Information pack: "*El POSAF: cuatro años fortaleciendo la participación de la sociedad civil organizada para el manejo recursos naturales en cuencas hidrográficas*," Dec. 2000; Eduardo Marín and Francisco Rodríguez (MARENA/POSAF), Feb. 2002, Information collected in a personal interview during the orientation mission in Nicaragua.

[16] Information from IDB, 1997*b*; (*Informe de seguimiento y desempeño de proyecto ISDP*), July, 2002; Rural Development Institute, 2001; Eva Acevedo and Ruth Ramírez (Rural Development Institute), February 2002, information obtained in a personal interview during an IDB orientation mission to Nicaragua.

Rural Development Support. This component includes a plan for increasing the active participation of the beneficiaries in the demand for projects. Significant progress has been made with the establishment of 67 municipal development committees and 2,473 village-level committees. Projects were implemented in the following areas :

- Rehabilitation of roads;
- Rehabilitation and/or construction of marketing facilities;
- Technology transfer;
- Capacity strengthening for enterprise owned by women;
- Marketing and agroindustrial support;
- Improvements in the productive resource base;
- Reforestation and agroforestry;
- Minor irrigation and soil conservation.

Also included in this component was training in enterprise development.

Institutional Strengthening. This component entailed the development of strategies as well as specific policies and studies, which were designed and implemented by MAGFOR. Activities under this component also provided institutional strengthening for MAGFOR.

Although the Rural Development Institute works with development committees 'in the areas covered by the project, the committees are not under the responsibility of the IDR. In terms of institutional co-ordination, there is no clear policy that defines the functions and duties of each of the institutions. There are only some guidelines for IDR and MAGFOR to follow.

Danida Transport Sector Support Program[17]

Danida has provided support for Nicaragua's transport sector since 1988 in the wake of damages caused by Hurricane Juana. The Danida program has focused on transport infrastructure with the support of communities in the Atlantic Coast region. Work focuses on reducing poverty in communities that were previously excluded. The immediate objective is to improve access between rural areas and larger population centers in the regions and between them and the remainder of the country; to reduce transportation costs; and to improve institutional capacity.

The program finances the construction of roads, wharves and access channels, and also dredging. It also provides training to in topics such as organization, community rights, maintenance and administration.

The work methodology seeks to ensure sustainability. Therefore, no project is initiated until a written commitment to maintain the infrastructure has been obtained from the municipal authorities and/or the beneficiary communities. The communities provide 5 percent of the total cost of the project in materials and labor. Indeed, the projects rely on local labor and stipulate that 30 percent of the laborers should be women. Although the program does not pay wages, it does provide a stipend to defray meal expenses. Labor costs typically make up between 50 and 65 percent of the total budget. This indicates the close collaboration of the program with the municipalities and the communities.

[17] Summary by Tom Dahl-Østergaard; General Information: *Programa de apoyo al sector transporte Past-Danida, Costa Atlántica, RAAS Nicaragua*, January 2002; Wagn Winkel (Minister Counsellor, Royal Danish Embassy for Central America), February 2002, information collected in a personal interview during the orientation mission to Nicaragua.

At the local level, the program works in collaboration with a road committee made up of elected community members, while, at the regional level, it works with a regional transport committee made up of mayors and representatives of autonomous governments. Nicaraguan engineers and sociologists assist the communities and the road committees in the selection and preparation of project activities. A toll is charged for the use of roads, and collected monies are then allocated to improvements and maintenance work. Road committees are responsible for ensuring financing and routine maintenance under the responsibility and supervision of the municipality.

Sustainable Agro-forestry Rural Development in the Municipalities of RAAS - Norad/FADCANIC[18]

This program was approved in September 1999 and is being executed by the Foundation for Autonomy and Development of the Atlantic Coast of Nicaragua (*Fundación para la Autonomía y el Desarrollo de la Costa Atlántica de Nicaragua*, FADCANIC). Financing provided by the Norwegian Agency for International Development Cooperation (NORAD) is approximately US$1,948,045. The areas covered by this project are the municipalities of Bluefields, Kukra Hill, Pearl Lagoon, Tortuguero, and El Rama. The program directly benefits approximately 3,200 families, 20,000 people, in 100 communities. Indirectly, it provides benefits to 121,000 inhabitants of five municipalities in the South Atlantic Autonomous Region. The general objective of this program is to strengthen local capacity in order to promote sustainable regional development.

Some of the specific objectives of the program are:

a) The creation of a Center for Sustainable Agro-forestry Development, with capacity to generate and disseminate natural resources management techniques.

b) Improve the capacity of communities' to develop sustainable natural resources management alternatives following a participatory research model that provides a gender focus.

c) Contribute to the systematization of biodiversity conservation practices to encourage the sustainable use of timber and nontimber products from humid tropical forests, thus gaining an understanding of the importance of forests in improving local economies.

d) Boost income generation

e) Achieve self-sufficiency and multiply the positive impacts of the project through the institutional strengthening of the executing agency and the local union associations.

Program activities include:

a. Investment in land;
b. Construction/maintenance of buildings;
c. Equipment and human resources for the agro-forestry center;
d. Participatory rural appraisal and community planning;
e. Training and organization of the target group, including promoters;
f. Establishment of agro-forestry systems in model farms and collection of flora samples;

[18] Information derived from: http://ud45.mogul.no/archive/attachments/01/04/NIC99039.doc

g. Financial support to improve production and marketing;

h. Research, systematization, and evaluation;

i. Designation of rural extension agents;

j. Training of local FADCANIC personnel.

Findings and Lessons

Community Participation

Project Design

None of the four programs reviewed incorporates the notion of empowerment. In all the programs, the level of community involvement ranges from information gathering in the design phase to varying degrees of consultation in the implementation stage (see typology in the first chapter). The beneficiaries are target groups identified by outside experts from national and international organizations. The watershed protection project (POSAF), benefits persons living in the watershed, but only if they own land or have access to it. There is some evidence of demand for the POSAF project in villages that were not initially included in it. For the three other projects, the analysis of the problem to be address, the development objectives and the project outputs were identified by outside experts with differing degrees of help from beneficiaries. Information on how to participate in activities contemplated by the project is supplied to inhabitants in target villages or watersheds, who are previously identified by experts. Co-executing a*gencies (organizaciones coejecutoras*, OCES[19]) hold village meetings to give information on projects villagers can apply to within the gamut of the POSAF portfolio.

In the case of the IDR project, municipal authorities and IDR staff prepared a priority list of projects. Villagers are then asked to rank their preferences from that list of priority projects. The selection criteria for the IDR projects are standardized and established by IDB consultants. Project implementation usually lasts a maximum of two years.

POSAF and IDR follow standard IDB operating regulations (*reglamento operativo*). The communities manage the individual projects with the assistance of a technical committee (in the case of POSAF) or a project staff financed by the IDB (in the case of the IDR). Although it is recognized that programs of this magnitude need to have a manageable number of options and some standardization in order to keep costs down, the system applied results in a minimum of participation of community members. Most communities want everything on the list and once the selection is made, outsiders controlled the implementation process.

Following recommendations made during the mid-term review, the POSAF project now includes one community representative in the local technical committee. However, since that person represents between 1,000 and 3,000 people, representation is unlikely to be effective.

Participation in the FADCANIC project is determined by the FADCANIC technical staff. Participating farmers follow established guidelines and agree to carry out specific activities in order to receive project benefits. FADCANIC selects farmers with proven leadership and communication skills to receive fairly high-level training. In turn, these farmers must agree to train other farmers. In addition, FADCANIC provides the farmers with inputs, plants, and other supplies to increase productivity on their farms. As a condition for participating in the program, the farmers must provide seeds and plants (such as fruit, hard-

[19] OCEs are counterpart organizations implementing POSAF activities at the grassroot level.

wood and firewood trees) to other farmers in their communities.

The FADCANIC project uses two diagnostic tools (Participative Rural Diagnosis, DRP (Spanish acronym)) and Strengths, Weaknesses, Opportunities and Threats, SWOT) that have some flexibility in the choice of the most appropriate crops for a particular farm. However, the choices must fall within the framework established by the Norwegian experts and must comply with the project's operating regulations. The lack of participation in the design of the project does not appear to have threatened its impact or sustainability, and the project seems to be popular with local farmers. It is too early to tell how sustainable the activities will be in the long run, however.

Although the population in the project's areas of influence is of indigenous origin, participation by these groups is by no means certain because the indigenous Misquito and Tasba peoples lost control of their lands some time ago (the lands are being administered by proxy).

While not all local residents become project participants, it appears that there is a strong demonstration effect. Many villagers join the project after they see the results obtained by their participating neighbors. For example, 12 out of 30 families living in the village of La Mosquitia (Río Escondido, Rama municipality) were participating in the project in September 2002.

The Danida PAST project is targeted at the poorest areas of Nicaragua in the indigenous areas of the RAAS and RAAN and in poor areas of Region I. As with POSAF, IDR, and FADCANIC, this program also has pre-established guidelines and selection criteria. Participation is sought through the active involvement of beneficiaries in the operation and maintenance of transportation infrastructure.

Although the participating communities are pleased with the projects and Danida devotes a great deal of energy to promoting participation in the operation and maintenance of roads and wharves, it is not certain that participation will ever involve the whole community in sustaining the projects. According to Danida staff, participation in the program design stages is rather limited. Participation in the implementation and maintenance phases is stronger. Participation is ensured through training, meetings and follow-up sessions. The road committees determine most of the agenda items for these meetings.

The limited participation of beneficiaries in the PAST program implies that it does not empower the community it serves. In fact, the program is pre-designed by European consultants (largely from the Danish Ministry of Foreign Affairs, but also other consultants from Denmark and Europe). As is the case of other IDB, IDR and POSAF programs, the framework for the PAST program was established in advance. In addition, selection criteria must be met and community contributions made according to Danida rules. Moreover, projects are selected and approved each year by the annual project review mission in conjunction with municipal authorities. In sum, it appears that in the case of Danida, participation implies ensuring sustainability by setting up maintenance and operation systems for roads and wharves. Box 1 presents an example (from a field report in Tasba Pauné) community participation in the identification and design phase of a typical Danida PAST project.

Had the community had some kind of empowering participation in the project, very possibly the wharf would still be running and maintained, which it is not. But it is also likely that a mature understanding of the issues involved in maintaining a wharf would have led the community to reject it. A wharf is public domain and ought to be the responsibility of a municipal authority, not a small community

Box 1: An Example of Community Participation in the Data-Gathering Process

> "When Mr Andersen ..(a pseudonym).. came in 1994 he said he wanted to help the poor people, and that he wanted to create a market for us. It was his idea. He asked us if we wanted a wharf. We had formerly to cut sticks and put them in the marsh to get to the boats. But after Mr Andersen came he saw we needed a wharf so he put the idea to us and we could see it was a beneficial idea to us. And he saw the idea of having gas/diesel tanks so the neighboring communities could come and buy petrol/diesel here and come to a market that would be built next to the wharf."

that is unlikely to be able to operate and maintain it on a sustainable basis.

Lessons Learned

Bearing in mind the four types of participation, it is fairly easy to categorize the programs, which have been reviewed rather harshly as belonging mainly to the *information-gathering* participation type in the initial design and monitoring phases. They were also viewed as including some degree of the participation in terms of consultation and *active* participation regarding implementation procedures (committees, training of village committee members, extension officers, etc.) because there are fairly extensive consultation processes. It should be noted that there are limitations to the number and type of interventions needed for a natural resource conservation program of the FADCANIC type in a tropical forest area, and experience shows that minor rural roads should involve the use of a fixed, low-cost technology. Thus, road/wharf committees meet with municipal authorities in the PAST program to discuss planning of maintenance work, but salary levels are set by Danida experts who decide what they should be based on after consultation with municipal authorities and local NGOs. To conclude, none of the programs involves empowering community participation.

Seen from the perspective of the poor, the arrival of international consultants to plan an intervention in their locality may be a *predetermined and necessary outcome* or *characteristic* of their lack of power. In Nicaragua, the poor are served by municipalities which are virtually powerless themselves and lack the money to carry out development activities. The disenfranchisement of municipalities and their poor rural residents is certainly one cause of continued poverty and lack of participation.

Poverty Reach

Despite the fact that all four programs are designed to reach the rural poor, in several cases the poorest of the poor (who are generally landless or have small plots with no tenure) and indigenous peoples and racial minorities (such as the Garifuna), are not reached by the POSAF, IDR, and FADCANIC programs. In fact, these programs are designed to assist farmers. Those who do not own land or who cannot prove ownership cannot join POSAF, IDR and FADCANIC projects.

When evaluating a given project with a view to extracting general lessons it is necessary to keep in mind the particular objectives and nature of the specific project. The IDR project was designed to reactivate agricultural production, thus, one of its requirements is that beneficiaries possess a minimum of productive assets, including land. The new phase of the IDR project approved in September 2002 *(Programa de reactivación productiva rural, 1110/SF-NI)* introduces an integrated vision of agro-business, incorporating activities that do not require access to land and which require the participation of women.

Even in its first phase, the reactivación program could potentially reach the landless and vulnerable (as well as women and female-

headed households[20]) mainly because some of the projects financed by this program do not require land ownership (it involves projects such as bee-keeping; crafts; and the construction of community roads). However, IDR staff has a tendency to work with farmers' organizations that generally represent better off, or at least the more determined villagers who are closer to the power structures. Invariably, these tend to be men. A recent evaluation of the program states that a majority of the beneficiaries have land.[21] However, the data and survey design included some errors and results cannot be used to corroborate findings from our fieldwork.

Women, who often belong to the poorest groups, are sometimes excluded from projects as a result of the unconscious bias of a male-dominated culture. IDR staff is based in the municipalities, which tend to be run by men who usually see development from a male perspective. Participation in activities such as cattle breeding dairy production is distinctly male. Although there are some projects geared to women, there was not much evidence in the fieldwork sample of women being actively involved in choosing projects.

The IDR project also works with farmers' associations, such as dairy cooperatives, which have a successful record of investing in agricultural production and broad membership. For example, membership in a dairy cooperative visited by the team is open to all dairy farmers regardless of the number of cows they own.[22] As a result, inasmuch as some of the cooperative members are poor (that is, own very few cows), the project activities (such as providing improved fodder or artificial insemination) can help reduce poverty. Landless farmers who live in the watershed area covered by POSAF are excluded from joining the project. Whereas in the first phase of POSAF, any farmer with even the smallest plot of land could join the project, in the second phase farmers with less that 3 ha. cannot do so.

One example of good practice in terms of inclusion did emerge. One co-executing agency, (APRODESA), which was not convinced by the IDB consultant's recommendations, conducted its own feasibility study and found that even farmers with very small plots could feasibly run project activities under POSAF's aegis. POSAF accepted the APRODESA study.

The potential of FADCANIC reaching the poor is quite high because they operate in indigenous areas, and indigenous people are among the poorest of the poor in Nicaragua. However, the FADCANIC program presents one or two paradoxes because it claims to help indigenous people by: (1) managing a 500 ha. plot of forest in the Tasba indigenous territory "on behalf" of the Tasba; (2) assisting mainly nonindigenous communities to *take root* on indigenous lands, in the belief that this will stop the nonindigenous peasants from destroying the land due to inappropriate agricultural and husbandry practices and moving on to destroy even more adjacent, indigenous forest areas.

According to FADCANIC, the Tasba indigenous communities requested that FADCANIC lease the forest from them in order to protect it from destruction from immigrant farmers. It is important to mention that, in general, indigenous people do not actually live in their forests but normally reside in small riverside communities, away from their communal forested

[20] According to a Gender Specialist at the Women in Development Unit of the IDB, as many as 25 to 40 percent of rural households in Nicaragua are headed by females.

[21] Ana Lissette Amaya L. et al., *Programa de reactivación productiva agroalimentaria, PRPA. Evaluación socioeconómica del PRPA*. Informe final. Nicaragua, IDR, July 2002, Managua.

[22] Asociación de Ganaderos Cerro Alegre, community of San José de los Remates, Boaco.

lands.[23] The situation in the forest areas of the Atlantic coast is indeed desperate. The agricultural frontier is basically gone and increasing pressure is being put on indigenous people and the local environment.

Fieldwork suggests that the hypothesis that helping nonindigenous peasants to "become enamored of their land" is a good strategy. Peasants are able to increase their food production and incomes on their plots, which are leased from indigenous people. They also acquire increased awareness of the importance of protecting the environment and a long-sighted vision of development.

Most importantly, it appears that the project is convincing immigrants to settle in the area and work on their plots instead of abandoning them and moving on after cutting down all the trees and exhausting the land, as has been the previous pattern. During the fieldwork there was no access to data proving that this is actually happening, and it is necessary for FADCANIC to document and monitor this potential impact more thoroughly.

The Danida PAST project is perhaps the most successful in reaching marginalized groups in the RAAN and RAAS areas. PAST activities in Region I focus on poor and very poor departments and municipalities with projects to improve infrastructure to increase access to markets by reducing transportation costs for small peasant producers.

One should also judge the *Reactivación* program positively in this light, given that it covers some of the poorest departments of the country.

Another reported good practice resulting from the *Reactivación* project is that it employs a poverty map for selecting project sites. IDR and municipal staff select projects that will benefit the poorest areas.

Although the road component of *Reactivación* may not be sustainable, the practice of building roads in poor areas using local labor provides food-for-work and cash income. However, a negative side to this situation is that the local farmers do not always want to operate and maintain the roads once they are no longer paid.

Some farmers are excluded from the irrigation project component of the *Reactivación* project. For example, in Carazo, farmers who do not already have wells on their land cannot apply for technical assistance –for irrigation projects. In several cases, there was no evidence that hydrological feasibility studies had been carried out, despite the fact that some farmers reported to IDR staff that they were interested in joining the project if they were given time to tap a well. Inflexible planning and insufficient time and lack of technical feasibility studies create a lost opportunity for including the poor or more disadvantaged who, in this fieldwork example, are those without wells on their land.

These considerations regarding the programs' limited reach of the poorest farmers do not imply that POSAF and IDR are failures. It is understood that in order for investments to be viable and yield a return, participating farmers must have some minimum level of assets. Indeed, other program components do benefit the landless and the poorest farmers in the area.

[23] Historically, it seems that indigenous peoples lived on river banks and subsisted from small-scale fishing and shrimping. They would go into the forests only occasionally for timber for building homes, to catch game and to pick medicinal herbs. To landless peasant immigrants from Pacific coast areas in search of a better life, the forests thus seem to be empty, that is, not owned by anyone.

Gender and the Role of Women

The FADCANIC and the Danida PAST programs are fairly successful at mainstreaming gender into program activities simply because they require a 30 to 50 percent participation of women in the projects.

The Reactivación program, for example, employs women on the work crews for the roads components. Although this provides women with income-earning potential, the program does not have a proper gender focus. As a result, women are more of an afterthought in the program. Findings from our fieldwork are corroborated by a recent evaluation study of the Reactivación program[24] which states that ¨the role of women in the project is confined to the household.¨ Furthermore the evaluation concurs with our fieldwork in concluding that: "there is evidence of an insufficient gender focus in the execution of the projects, which leads to women's participation in the latter being marginal."[25]

Despite some evidence of efforts to include women as beneficiaries in the POSAF and IDR Reactivación projects, there is no systematic attempt to mainstream gender into the projects. Women tend to be seen as wives. Since single mothers and widows are more likely to be vulnerable to poverty than married women, it is especially worrisome that programs like POSAF/IDR Reactivación do not ensure that gender is included as an operational category and that project components are not designed to take women's needs into account. The FADCANIC and Danida projects, which also operate from a technical template rather than from a social one, have managed to mainstream gender and yield positive results in reducing women's vulnerability and poverty.

POSAF's target group is the family and the direct beneficiaries are plot owners, the majority of whom are men. Thus the majority of women are excluded from being direct project beneficiaries since the design of the POSAF project does not conceive women as a target group per se.

While the inclusion of women in OCEs varies, none have been identified as having a high number of women beneficiaries.

Despite the poor inclusion of women in POSAF, there has been some improvement. The inclusion of women has increased from 6 percent in 1997 to 11 percent in 1998 and 15 percent in 2000. The reasons for this change have not been established but seem to have resulted from chance, rather than design.

Discussions with POSAF staff reveal the *lack of a gender strategy*. Unlike Danida (PAST) and NORAD-FADCANIC, which have clearly defined gender guidelines and gender targets measured in simple, gender-disaggregated monitoring systems, POSAF has no operational mechanism to allow gender mainstreaming. Although gender is mentioned as one of the six basic methodological components to be followed in the program, there is no gender strategy. That is evident in several external consultant reports from the last two years, which pointed out this problem. Several recommendations were made in those reports, but no actions were taken to correct the situation. Consultants should also try to include the POSAF staff in such a way that they themselves see the need for a gender strategy and a gender mainstreaming of the program.

While clearly some women can participate in meetings and project activities because they are married to men who work in the project, their participation, since it is not required by

[24] Ana Lissette Amaya L. et al., *Programa de reactivación productiva agroalimentaria, PRPA. Evaluación socio económica del PRPA*. Informe final. Nicaragua, IDR, July 2002, Managua.
[25] Ana Amaya L. et al., op. cit., p. 87.

the project, will not necessarily happen, and their involvement through their husbands is not ideal since it is not likely to empower women.

Finally, the productive systems that women are identified with (family vegetable gardens; poultry and goat and pig keeping, etc.) are not targeted by POSAF, thereby excluding women such as widows who do not have spouses working in the project.

Examples of Good Practices

Several of the executing organizations interviewed report planning for and intending to include productive activities geared toward women in the future, which is a hopeful sign. Another positive sign for POSAF II is that it will be a requirement for both husband and wife to sign the contract between the beneficiary family and the executing organization. This might help increase the visibility of women. In addition, the program plans to introduce improved cooking stoves and fodder suitable for poultry, both of which will also benefit women.

The executing agency POLDES (in Pueblo Nuevo) has a strategy to promote the inclusion of women that mentions the following points:

- Inviting the married couple to project meetings and work groups.
- Requiring that women make up 30 percent of the agency's membership in order to qualify for the status of a *grupo homogéneo.*
- POLDES is considering getting husbands to draw up *cartas de arrendamiento* to constitute a form of recognition that their wives have access to some land so that they can join the project in their own right and independently of their husbands.

NORAD and Danida insist on a *mainstreamed* gender dimension in their aid programs. Women are able to perceive benefits (including training) from the FADCANIC and Danida programs that lead to increased income. In particular, the Danida PAST project deliberately selected female heads of household for training because these women were known by the municipalities to be in greatest need.

Indigenous People and Ethnic Minorities

Overall, two of the four programs (POSAF and IDR) have a relatively poor showing concerning inclusion of indigenous peoples and those of Afro-Caribbean descent. While the Reactivación program is not designed to operate in indigenous areas, it would be fair to ask why not, given that Reactivación is an integrated rural development program aimed at reducing poverty and given that poverty disproportionately affects indigenous and ethnic minorities. POSAF, which mainly covers non-indigenous areas, did however have one indigenous component in the first phase, but it did not benefit that group. POSAF I, which started in 1996, covered six watersheds, including Waspam. Part of the plan was to implement a community forest development component in indigenous villages. Socioeconomic and other studies were carried out, projects were designed, and general plans were worked out, but the component was never implemented. In the POSAF report *Sistematización del POSAF I* (February 2002), the reasons given for its failed implementation were delays in funding from the Nordic countries; difficulty in getting the funds out to the project area; and weak capacity of executing the executing organization in the area.

However, according to interviews with POSAF staff, another reason was the financial interest of a foreign lumber company which, in collusion with municipal authorities (some of whom held positions of influence in the

company), wanted to extract resin from pine trees in the project area.

POSAF II includes a pilot component that benefits indigenous peoples. Of the 63 organizations, which presented project proposals in POSAF II, 76 percent qualified successfully. However, the only indigenous organization (the indigenous community of Jinotega) that tried to pre-qualify for POSAF II, was not included. This organization obtained 296 points out of the 395 required. It did not achieve the minimum score required in the following components of the selection criteria for executing agencies; namely, governability, legal and financial aspects, administration, services, inter-institutional relations, and training / technical assistance.[26]

Lessons Learned

The above suggests that if a program really wants to help indigenous people and Afro-Caribbeans, it should specify them as a target group and, if necessary, practice "positive discrimination" to ensure that project benefits reach the intended target groups. One such example of positive discrimination in favor of the indigenous groups of Honduras is described by Renshaw in an IDB best practice study.[27] This study shows that a crucial ingredient in getting credit funds and project benefits to reach indigenous groups is to use indigenous organizations and not to go through umbrella organizations such as nonindigenous NGOs, parastatals (like IDR), or large project organizations (like POSAF).

Of the four programs under review, FADCANIC and Danida PAST made the most efforts to target indigenous peoples. This is basically because Danida chooses to channel considerable program resources to the RAAS and RAAN areas and because FADCANIC also works in these Atlantic coast areas.

Although the FADCANIC program enjoys a high degree of *consultation* and *active participation* because it trains equal numbers of female and male villagers in forestry conservation and organic, mixed gardening production methods, these beneficiaries are actually the very ones who have directly and indirectly exploited the indigenous people, whose participation cannot be achieved. The leasing agreement between the Council of Elders and FADCANIC, whereby FADCANIC leases 500 ha. of prime forest for 50 years *on behalf of the indigenous people* and agrees to protect the forest, is the extent of "participation" of the Tasba people. It should be noted that, according to FADCANIC, the indigenous population of the area requested the intervention of FADCANIC on their behalf, itself an indication of another sort of active participation in desperate circumstances.

Furthermore, there are several indigenous communities in the project area, and some of those being trained in natural resource protection are indigenous peoples. But since the project does not register ethnic profiles of beneficiaries in its monitoring system, it is not possible for the team to make definite conclusions on this point.

Sustainability

Four elements are needed for sustainability: demand-based approaches in the provision of goods and services; effective social mobilization; financial viability; and environmental and social soundness.

Demand-based Approaches

There is considerable evidence of a demand-based approach in POSAF. Area residents are invited to join if they have land and otherwise fulfill membership requirements. Once se-

[26] POSAF II: *Sistematización*, op. cit., April 2002.

[27] Renshaw, J. *Fondos de inversión social y pueblos indígenas*. IDB, 2001, Sustainable Development Department Best Practices Series.

lected to participate in the project, beneficiaries can choose from a fairly wide selection of project activities.

Although it is rather early to draw definite conclusions about project sustainability in POSAF, three key problems have emerged from the fieldwork:

- Lack of technical and financial capacity of municipalities to provide supervision and ex post project supervision to beneficiaries.
- Many executing agencies cannot qualify for the project, but there is little being done to enhance their capacity so they can do so.
- Sustainability mechanisms have not been incorporated into POSAF projects. Once the project finishes, executing agency staff as well as POSAF supervisory and technical staff move on to another project.

There is more evidence of true demand in the IDR Reactivación program where project ideas are formulated in the communities or in associations and cooperatives. These groups, in turn, demand a project service (such as irrigation, bee-keeping, organic cacao, rehabilitation of small watershed areas, improved fodder and artificial insemination, new crops, etc.). Nevertheless, Reactivación projects exhibit implementation and sustainability problems.

The IDB has recently introduced a new lending instrument called a multi-phase loan, which allows a more flexible approach to project implementation. Under the multi-phase loan approach, projects can be implemented in a number of separate and consecutive phases. Adjustments can therefore be made in the implementation of each phase, both in terms of activities and duration. This type of instrument may be appropriate to apply in rural community development projects. It would make the executing agency more accountable and task driven.

FADCANIC staff visits areas where forest resources are threatened and offer project services, for which there is considerable evidence of real demand. The use of demonstration plots has proved to be a successful strategy for these projects. Two plots are usually selected per village, one worked by a man and another by a woman. These "contact farmers" hold talks and provide farmer-to-farmer services to other villagers. This strategy appears to be creating a robust demand for FADCANIC services. It has also become a good way in which to transfer technology. The contact farmers are trained in new organic production and pest control techniques as well as in agro-forestry methods. It is reported that these farmers are passing on their knowledge to other community members. Yet, it is still relatively early in the program to reach definite conclusions about sustainability.

The Danida PAST project has a good record of working with the community-based organizations. Although eligible communities have shown an interest in the construction of transportation infrastructure, they do not always understand the implications of having to maintain costly infrastructure. A key issue with roads and wharves is the role of municipalities and communities' expectations with regards to operation and maintenance.

A good practice of the PAST program is that (with Danida support and in coordination with the community transport committee) the municipality chooses which roads to repair or do preventive maintenance on. The problem regarding sustainability is that while the Danida advisors have a budget, vehicles and fuel, and employ their own engineers, sociologists and economists to supervise and monitor projects, the municipalities are cash strapped and are unlikely to be able to continue the level of

support which will still be required after Danida and other donors withdraw.

Danida requires that the municipalities include Danida roads in their budgets. A problem that is known to occur is that budgets can be reduced, and there are often discrepancies between allocated and actually disbursed funds in a financial year. Additionally, political changes in municipalities mean staff changes and lack of continuity, which threaten sustainability, and coordination of road infrastructure. This problem also affects the roads financed by the IDB in the Reactivación program.

Effective Social Mobilization

The POSAF, FADCANIC, and PAST programs score quite high in terms of effective social mobilization. All three of these programs use extension agents of some sort (executing agencies in POSAF; promoters and farmer-to-farmer workers in FADCANIC's case; and transport committees in the PAST program).[28] The PAST program has perhaps the broadest community representation, although there is a tendency for the best-educated community members, such as teachers, to be elected to committee positions.

The IDR Reactivación program does not mobilize entire communities, but only those individuals who actually join a particular project. Duration of project implementation is usually one or two years, a very short time to build up capacity in community organizations that will need to be strengthened to make sustainability more likely. In general, it is too early to reach any conclusions about Reactivación II because it has only recently begun. Roads are being maintained, but they were built very recently (within the last 6 to 10 months), so it is too early to reach a conclusion about social mobilization.

Financial Viability

POSAF

The basic premise upon which the POSAF program is based is that the farmers who receive project financing to invest in their farms will be financially able to sustain their productive and marketing activities and will, therefore, be able to lift themselves out of poverty. In addition, it is assumed that these projects will help preserve the natural resource base of the watershed in which they live. So far, the results appear positive: POSAF's monitoring and evaluation system reports household income increases of up to 129 percent per hectare in agro-forestry systems and of 78 percent in silvicultural and pastoral systems. In addition to increases in income, project participants accrued other benefits. For example, their lands were fenced, increasing land value; soil conservation has improved the crops despite low rainfall; reforestation has improved the microclimate of the project area; and their diet has improved as a result of crop diversification.

There are two problem areas in POSAF that deal with financial sustainability. The first relates to the need for technical assistance that exceeds the 2 years available through the project. Several project investments (such as planting fruit trees and other reforesting activities) are long term and require long-term support. The second problem is that POSAF does not provide marketing advice. For example, farmers in Carazo have done well producing papayas, but cannot get them to market because of poor roads. Moreover, when they are able to get their produce to market, they find a glut of papayas because other farmers are also producing and selling papayas. The oversupply of papayas means that the farmers are un-

[28] Furthermore, the IDB is experimenting in Boaco with community road committees and levying small charges in order to increase financial sustainability of minor roads in Reactivación II, which began in 2003.

able to recuperate their production costs (including transportation).

POSAF has not established a mechanism to ensure that the executing agencies or the farmers can continue to provide or gain access to technical assistance in order to solve problems as they arise. The moral obligation of the executing agencies to continue supporting the farmers is based on the hope that POSAF might renew funding in future phases.

IDR Reactivación

The field work revealed a number of problems, the most serious of which relate to insufficient time for project implementation, insufficient extension support during and after project implementation, and lack of economic feasibility studies for the productive projects that depend on the availability of markets.

Delays in IDR funds being paid to staff and municipal NGOs over a five-month period due to changes in top level management led to projects with a one-year time frame being only partially implemented. For example, in Boaco, the bee keeping projects, which had a one-year time frame, missed five months of technical assistance from the IDR staff, who did not go out to the villages because their salaries were not paid. When salaries were finally paid, it was too late to help the villagers because the pollination season had passed. The bee keeping projects ended after one year without the basic training having been carried out.

In another Reactivación project in Boaco, which promotes the making of handcrafted sisal mats, no feasibility and marketing study was made. The women working at this project cannot reportedly sell their products at marketing outlets, nor compete with cheaper producers from other regions of Nicaragua. Thus the project is unlikely to be financially sustainable.

Regarding the road program of the Reactivación project, there is no formal compromise between the local community and the municipality to maintain the minor roads. It is thus likely that the roads will not be maintained, as is the case of the roads in earlier periods of the Reactivación project. Another threat to sustainability is the fact that the municipal technical staff was not involved in writing the manual for operating and maintaining roads. This document was prepared by IDR and owners of local microenterprises.

FADCANIC

FADCANIC field staff train farmers in organic production and reforestation techniques. The strategy is for trained farmers to then go and teach other farmers in the community. This farmer-to-farmer method promises to be sustainable since the farmers interviewed showed how they were using the demonstration plots and giving on new seedlings and trees to other farmers.

The FADCANIC training center may be more difficult to sustain because there is not much demand for a training center in this area of the Atlantic coast. Already the tropical weather is taking its toll on the recently completed building. However, FADCANIC have been able to lodge promoters from a World Bank project in the center and charge rent.[29] This provided some income for building maintenance. FADCANIC also needs an agreement with a research institute/university to send students to monitor changes in the 500 ha preserved forest area, since they do not report having enough project or internal funds to pay for scientific monitoring.

Danida PAST

The roads and wharves of the earlier phases of the PAST program are suffering severe financial sustainability problems.

[29] Atlantic Biological Corridor.

Box 2: Problems Threatening Sustainability

Mathew Yulith, **Coordinator, Wharf Construction and Maintenance**: "It is good when Danida came. We had only a primitive place to get into the boats. We are thankful for what they have done for us. But it is difficult because we cannot collect the money (for maintenance of the wharf). Because the people refuse to pay."
Carlos Rojas, **Teacher, Vice-President of Consejo de Ancianos**: "Another problem is too few boats come, so there is little money to collect;" We charge 10 córdobas for 1 panga (boat) and 3 for each passenger. But there are only 2 boats per week."
Nelda Tucker, **Treasurer of the Wharf**: "Sometimes we collect 90 / 70 / 50 corbabas per week. But it is not enough. Normally 25 percent of the passengers are stubborn and refuse to pay."
Goel Garth, President of the Ancianos: "Even if we collected all the money, it would not be enough to maintain the wharf."
Nora Wilson, **Wharf Committee Vice Chairman**: "We should do what they do in Marshall Point (a nearby community), charge 5 pesos per family as the community contribution."
Goel Garth: "No, that would not work here. Families would not pay this if they are already refusing to pay lesser charges."
Nora: "In March we agreed at a community meeting to charge the business people and traders on each visit. But we cannot get anyone to stay in the ticket office…because the salary we offer is too low to attract anyone..(to take up the job). So we don't collect the money from the traders…"
Delrin Prudo R., Vice President of the Tasba Pauné Fishermen's Union and assistant Syndicate: "When Danida made the project, they paid for chain saw chains and the lumber (*almendro de monte*). Now, we need to replace the rotting wood, but nobody will cut this type of wood for us."
Nelda: "We have money to clean the canal. We paint the two big petrol tanks that were donated by Danida. But we don't use the tanks. Because no one has the money to fill them and sell the petrol or diesel. But we paint the tanks each year so they won't rust. The idea of Danida to which we said yes was that a village member would rent the tanks from the community. In 1997 we were told that this is how the project was to be."

The following text box elucidates the problems of operation and maintenance and of financial sustainability of a typical wharf in the RAAS area.

They also show that the community is acutely aware of why they cannot maintain their donor financed wharf, and of what steps they would need to take to maintain it. It is also important to note in the case of this community that there are religious, political, and ethnic division which work against a concerted community effort to tackle the problem: the community is not united.

Environmental and Social Soundness

Three of the four field work programs, POSAF, IDR Reactivation, and FADCANIC attempt to combat poverty and improve the livelihood of the rural poor in areas affected by natural resource degradation and environmental pollution. The three programs promote with different degrees the development and application of organic technologies, especially POSAF and FADCANIC. This is a sound environmental practice in a country, which has had a history of extensive overapplication of chemical fertilizers and pesticides.

Teaching organic production and soil conservation and watershed-preservation methods is highly commendable in the FADCANIC and POSAF programs. There is considerable evidence of promotion of organic and low-cost, appropriate technology in the IDR Reactivación project: e.g., promotion of simple silage-making from sugar cane waste to increase cattle production and introduction of improved fodder and organic honey-production.

Danida PAST supports the financially sustainable development of minor roads and paths and river-bank wharves and infrastructure aimed at stimulating economic growth in indigenous areas of the Atlantic coast and in

Region I. Despite the undoubted social soundness of trying to promote economic development by providing support to the improvement of roads and other infrastructure, there is evidence in the case of the RAAS and RAAN regions that improved wharves can actually enable precious wood to be transported even faster than before.

Danida and IDR Reactivación have considered in their project documents the possible negative environmental consequences of fostering improvements in roads and wharves, especially in sensitive forested areas. Nevertheless, the construction of new roads and wharves may facilitate the extraction of natural resources on an unsustainable basis, especially if enforcement regulations are weak and/or market incentives are strong.

The four programs are socially sound. They promote poverty reduction, although in that sense POSAF and FADCANIC are more successful than the IDR Reactivación project. Only Danida and FADCANIC (both financed by Scandinavian countries) have well thought-out indigenous policies. Danida works in indigenous areas in the most excluded departments of Nicaragua, and hopes to reduce poverty among the indigenous populations. FADCANIC is trying to stop further destruction of indigenous territories by teaching immigrant farmers to stay on the land they have permanently acquired or leased from ethnic groups in the hope that they will not move on to destroy other forests.

Enabling Environment: Policy and Institutional Aspects

The first and second chapters outline key elements that are essential for the creation of an enabling policy and institutional environment. Nicaragua does not score well on any of these aspects. There is a general lack of co-ordination of government programs, no clear pro-poor rural development strategy and lack of donor co-ordination. Some of these aspects are discussed below.

Local Government

There is little effective decentralization and transfer of power in Nicaragua. Nicaragua only allocates 1.5 percent of state revenue to the municipal level, as opposed to Bolivia, for example, which allocates 20 percent. In addition, in some cases the allocated funds are not disbursed in time, or at all. Thus, programs like POSAF, IDR Reactivación, and Danida PAST are attempting to fill a lacuna in municipal government services.

The lesson is clear. If municipalities do not have the capacity or finances to assume O&M responsibilities after donors build new infrastructure or implement extension programs like IDR and POSAF, that will require future extension advice to farmers to ensure sustainability, the efforts are unlikely to be maintained.

Governance and Fiscal Revenue

Government institutions in Nicaragua suffer from weaknesses and deficiencies that are typical to most countries in Latin America. These problems relate to frequent turnover of staff and decision-makers stemming from political traditions regarding promotion and appointment. Effectively, when there is a change of government, there is also a complete, or near complete, change of staff at all levels. This generates problems regarding capacity building at different government levels.

Another element to be considered is the generally weak fiscal situation and revenue base. The current tax collection does not ensure the sustainability of interventions, especially the provision of public goods.

Dissipation of Nicaragua's Resource Base

Nicaragua's precious natural resource base is being depleted. The reasons for this are the poorly defined sector policies, the inexistence of a clear-cut rural development strategy, and the inadequate co-ordination between MARENA, MAGFOR and IDR.

The poor who live in RAAN and RAAS are indigenous, Afro-Caribbean, and mestizo peasants and fishermen. Many of those, who depend on the forest for their livelihood, are facing serious challenges due to continuing immigration by landless peasants into the area from the Pacific Coast and Central Highlands, weak support institutions, and unsound policies. The "agricultural frontier" that used to divide the Atlantic coast virgin forests from the rest of Nicaragua has largely disappeared. In essence, there is no "free land" left to alienate or colonize. From an environmental point of view, all the major eco-systems have been negatively impacted and better management and rehabilitation of the resource base is needed.

Natural and Economic Disasters

These include frequent hurricanes, earthquakes, forest fires, floods, seasonal droughts, labor unrest and commodity price fluctuations.

The significant importance of a limited number of cash crops, such as coffee, coupled with the lack of institutions, incentives and financial instruments to hedge the risk from world market price variations, has left Nicaragua vulnerable to the fluctuations of the world market. With coffee prices at their lowest in the last 100 years, tens of thousands of coffee farmers have gone bankrupt in Nicaragua.

Lack of Donor Coordination

Another problem crippling the possibilities of development in Nicaragua is the lack of donor coordination, and indeed one may speak of competition between donors in the same sector or geographical area. Donors stake out "their" area. This situation threatens sustainability of programs.

Within the Nicaraguan government there is also a lack of coordination. Each year the ensue the annual round of donor demands in an atmosphere bereft of donor coordination. Adds to the confusion. Thus, to a certain extent, the donors are exacerbating the coordination problem common in many developing countries with weak state sectors.

During fieldwork, however, we came upon a small but significant step towards harmonizing donor efforts in this important sector for CDRD projects in Nicaragua. In October 2002, the Nicaraguan Government agreed to combine the project documents of FINNIDA and Danida in the agricultural sector support program.

V. Conclusions and Recommendations

This final chapter combines the findings of the literature review of 20 IDB projects in eight countries and 15 World Bank-financed projects in seven countries and the findings and lessons learned from fieldwork in Nicaragua.

Central America is characterized by political, economic and social diversity. There are considerable variations among the countries in terms of the degree of democratic development, and decentralization of government responsibilities and public resources. Levels of economic development vary between countries and within each country. The historical circumstances, the cultural and ethnic profiles and human development indicators also differ significantly. For these reasons, there can be no universal recipe for designing financially sustainable community-driven rural development (CDRD) projects.

Based on the literature review and fieldwork undertaken, we have identified four key issues that need to be addressed in order to improve the poverty reduction effect and sustainability of CDRD projects financed by the IDB. These issues are: (i) community participation, (ii) sustainability and intervention type, (iii) social inclusion, and (iv) enabling environment.

Our recommendations rest on the fact that the IDB works with governments and not directly with beneficiary communities. The IDB has an overall mandate and vision to promote the economic and social development of its regional member countries, which goes beyond the promotion of economic growth. More specifically, it is an IDB priority to promote equitable development, which means integrating the poor, women and minorities into the benefits and responsibilities of development.[30] It is legitimate, therefore, for the IDB to engage in conditional lending. Some of our recommendations suggest that the IDB intensify the dialogue with the governments of borrowing countries on certain key points.

Community Participation

According to our assessment of IDB and World Bank documents regarding 35 rural development projects, in 90 percent of the projects, beneficiary communities participate in a very limited way in the design phase. In most cases, beneficiaries are presented with several options and are asked to comment or rank their preferences. In some cases, however, the beneficiaries simply provide the required information to the project planners. Ten percent of the projects are characterized by some degree of active beneficiary participation.

The fieldwork reveals a similar pattern. None of the four programs reviewed includes the type of participation that lead to the empowerment of the beneficiaries.[31]

Despite the lack of *empowerment,* there are projects and programs that reveal promising levels of community *consultation* in the design phase (beneficiaries can comment upon and state their preferences regarding menus of options presented to them; they may even make recommendations for the introduction of new activities).

The literature review indicates some examples of *active participation*. These include the Darien Sustainable Development Program in

[30] "Renewing the Commitment to Development" - Report of the Working Group on the Institutional Strategy. 1999. Inter-American Development Bank, Washington, D.C.

[31] The four different levels of participation: (i) gather information, (ii) consultation, (iii) active participation, and (iv) empowerment, are defined in the first chapter.

Panama (PN0116) and the Small Projects and Technical Cooperation Facility for Marginalized Groups in South East Mexico (SP9506249). The latter project, like the IDB-financed Paraguay Rural Youth Training Program (which has already concluded),[32] allows for community groups to design, execute and monitor their own projects with help from NGOs and training institutes.

All of the four projects included in the fieldwork in Nicaragua contain elements of community *consultation.*

The overall analysis suggests that empowerment participation can result in projects that better respond to the felt needs and demands of the beneficiary communities. That, in itself, would increase the likelihood of sustainability. It would also entail participation in the implementation of activities and increase the community's capacity to act on its own in the future. These aspects of the model also suggest improved sustainability. Unfortunately, no concrete examples of this type of participation were found in Nicaragua.

Nevertheless, the design and implementation of projects in the *empowerment participation* mode obviously need some local technical capacity, which, if missing, can require considerable effort to build up. In practice, project staff and officials often have a common interest to do what is immediately possible, which is to work with government agencies in a top-down manner. Sometimes this is because local capacity is indeed weak, but it may also have something to do with the particular interests of the line agencies in question.

Most of the IDB projects seem to be implemented with too short and rigidly defined time horizons. Currently, the IDR Reactivación project provides a maximum of two years and usually just one year for the entire project cycle in its productive/agricultural project portfolio. The same is true for the minor roads project. The achievement of the poverty reduction objectives and sustainability of the interventions require sufficient time and flexibility to permit a participatory planning and implementation process that allows for the possibility to adjust and correct the project design after project start.

Finally, the analysis indicates that projects that use existing community-based organizations and local authorities instead of parallel structures, created for the purpose of implementing a project, tend to generate more participation and have a better likelihood of being sustainable.

In short, there is a need to pursue the goal of *empowerment* participation, but it is clear that this will require more energy, resources, and take more time to execute.

Recommendations Regarding Participation

In general, it is recommended that the Bank increase the degree of community participation in its projects. Some examples of best practices are mentioned in the literature review (chapter 3). Inspiration might also be drawn from a recent study of best practices regarding Social Investment Funds supported by the IDB.[33] There are promising signs of participation in IDB projects in Honduras, Mexico and Panama, where community organizations are heavily involved in design, management, and monitoring.

In order to enhance community participation, not only in the design phase but also throughout the implementation phase, it is recommended that more flexibility is introduced into future CDRD projects and programs. In general, project duration should be a function of

[32] Paraguay: Programa de capacitación para jóvenes en áreas rurales (ATN/DC-5723).

[33] Renshaw, J. *Fondos de inversión social y pueblos indígenas*. BID, 2001, serie de informes de buenas prácticas del Departamento de Desarrollo Sostenible.

the achievement of objectives rather than termination of a pre-defined implementation period. The IDB should adjust its project planning tools to allow for as much time as is necessary to be provided for the critical areas of technical assistance, supervision, and ex-post support, especially in the areas of marketing support. In practical terms, there should be a revision of the way the *reglamento operativo* is designed and used. Moreover, as development is usually a dynamic process where unexpected events and circumstances might arise, the project design should allow for beneficiaries to adjust the projects, if required, in the course of implementation. This would give the beneficiaries more control and ownership of the projects, and thus probably contribute towards greater sustainability.

The IDB's recent introduction of innovative loan types in its operations in Latin America, the so-called multi-phase loans, may go a long way toward improving flexibility in project implementation (chapter 5). Multi-phase loans could also be used as a means to extend, as necessary, the traditionally short time frames for project implementation.

It is important to stress, however, that not every type of project requires the maximum degree of beneficiary participation in all phases of the project cycle. There is a trade-off in terms of preparation costs, and large infrastructure investments (roads, bridges, etc.) that call for the application of tried and trusted technical procedures. On balance, however, it is always wise to involve the beneficiaries in planning and decision-making.

The staff incentive structures within the IDB and project implementing organizations should be modified if they are not conducive to improving the design and implementation of CDRD projects. For example, the incentives to "move the money" should be balanced with the need to generate high quality interventions with a sustainable poverty reduction impact.[34]

Finally, every effort should be made to work though existing community-based organizations and local authorities instead of parallel structures, created only for the purpose of implementing a project. This might require considerable IDB-supported efforts in the area of capacity building in such community-based organizations. But the investment is likely to pay off in terms of improved sustainability.

Sustainability and Types of Interventions

The literature review and the fieldwork undertaken in Nicaragua suggests that it might be useful to consider the IDB-supported interventions as two different types: projects in the public domain and those in the private domain.

Public domain interventions would be the kind of services that government institutions (and in the case of community-based projects, in particular, local governments) *ought* to take responsibility for if they have the mandates and resources necessary. This type of intervention would include services such as the provision and maintenance of physical infrastructure (water supply, rural roads and health clinics).

Private domain interventions would be geared towards individual actors in the target communities (individuals, households, peasant groups, etc.). The type of interventions would include services such as the introduction of improved farming techniques, micro-

[34] The Swedish International Development Cooperation Agency recently published a book entitled *Aid, Incentives, and Sustainability* (Sida Studies in Evaluation 2002/01). This study explores how incentives that arise in the system of development cooperation affect the sustainability of development outcomes.

irrigation, soil protection measures, micro-credit schemes, bee-keeping projects, etc.

The distinction between projects in the public and private domains is important to make because it has crucial implications for the sustainability of the interventions. When projects are in the feasibility and design phases, it is critical that the focus is directed to the specific entity that will ultimately be responsible for the implementation of the project and its future, beyond the life of the project.

Public domain interventions such as roads and wharves, included in the projects studied during the fieldwork, depend on public domain services for vital activities, such as maintenance work requiring heavy equipment and bridge construction/repair. In several of the countries reviewed in the literature survey, the municipal services required for road/wharf maintenance are absent or defective. Not everything can be expected of communities that are poor, that migrate, and which may not always have the time or willingness to undertake activities that villagers may perceive as being of the public domain. The intervention type, if public, requires that public counterpart services be guaranteed.

Private domain projects are especially productive type projects, where activities are carried out on private land. It could be argued, however, that extension services, for example, should be provided by government agencies to private citizens. But more often than not, this does not occur. The ministries of agriculture and similar bodies may not deliver the required services to the rural poor, due to well-attested urban bias and the tendency for big farmers to monopolize the government services that actually exist. There is a continual need, therefore, for projects aimed at individuals. What matters in the design of private domain projects is –to respond to and "fit" with the needs and demands of the target group.

As a remedy to the lack of government resources or lack of rural focus of the same, one of two options usually happens. Donors like the IDB include a capacity strengthening component or supplementary program which would have the goal of filling a gap in the public services, and which would otherwise threaten the sustainability of private domain interventions. Donors also hire private organizations or companies to provide services that governments (arguably) should offer (as in POSAF and Reactivación in Nicaragua, and in several other IDB and World Bank rural development projects).

Recommendations Regarding Sustainability and Intervention Types

It is recommended that future CDRD projects pay close attention in the feasibility and design phases as to whether a project is mainly of the public or private domain type. As discussed above, this distinction has important implications for the design of interventions and, in particular, their likelihood of sustainability.

In public domain interventions, great care should be exercised to ensure that the relevant public institutions (central, regional or local government) either have the required human, financial and technical capacities—or can be supported to attain them—that will ensure sustainability. In private domain projects, the focus should be on obtaining the best possible "fit" with target group needs and demands. Hence, there is a particular need for *empowerment* participation in the design, implementation and monitoring of projects in the private domain.

For public domain projects, such as the roads and wharves studied during the fieldwork in Nicaragua, the following points are important:

- Who should maintain what and when, and who should pay?

- What maintenance functions are realistically to be executed by the communities?
- If it assumed that the municipality would take financial/technical responsibility of the infrastructure: Will they? Can they? Are the necessary mechanisms in place (proper decentralization with devolution of budget decision making) to allow municipalities to assume their responsibilities when the donor/lender moves out?

For private domain projects, such as resource protection and production projects on farmers' lands, some of the important questions are: Have the farmers demanded the service and are they able to continue applying the technology when the agency moves on? Can the support institutions carry on supporting farmers? Who will pay for these services?

Moreover, it is recommended that the IDB establish clear guidelines for grading countries (and regions or municipalities within each country) according to their ability to match counterpart services for public domain projects such as rural roads and infrastructure. Having taken this step, the necessary changes in the conditions that each country needs to fulfill can be catalogued and significant design changes made accordingly.

Social Inclusion

With a few exceptions, the general picture resulting from the analysis is that the poorest and most vulnerable, including women, indigenous people and Afro-Caribbeans, are not reached despite the intention of many of the IDB and Word Bank projects in Central America to do precisely this.

The academic literature review and the review of project documents show that indigenous people and Afro-Caribbeans are the poorest of the poor and that within groups of farmers, women tend to be more excluded than men. Indigenous and Afro-Caribbean women are doubly excluded: as women and as ethnic minorities. They exist on the margins of a mainstream, urban-biased society.

During the Washington workshop in which a draft version of the present report was presented (November 2002), the team was made aware that the Indigenous Peoples and Community Development Unit of the Sustainable Development Department of the IDB is working on the new concept of *ethno-engineering*. According to this, a greater effort would be made to adapt the project activities to the particularities of the situation and culture of the different ethnic groups to obtain a greater degree of social inclusion.[35] This is a promising new development.

There are also some examples of projects reaching the poorest of the poor, indigenous people and Afro-Caribbeans. The review of project documents (chapter 3) covers some of these: the Local Development and Poverty Reduction Program (HO0161) in Honduras; the Program to Fight Poverty and Strengthen Local Capacity in Nicaragua (NI0108); and the Darien Sustainable Development Program in Panama (PN0116).

The fieldwork showed that POSAF and Reactivación do not include the poorest of the poor and the most excluded, mainly because land tenure is required, or some assets are needed, that these people do not have. Even the FADCANIC project, which vicariously works on behalf of the ethnic groups of the Atlantic Coast of Nicaragua, is not actually directly benefiting the indigenous people to the degree desired.

The review of project documents and the fieldwork show that the only way of reaching the poor, indigenous people and other ethnic minorities is to make positive discrimination and targeted interventions on their behalf.

[35] Perafán, Carlos, C. *Etnoingeniería - Marco conceptual.* IDB, 2001.

FADCANIC and Danida reveal promising aspects of how to do this. These programs use geographical targeting of indigenous people.

The fieldwork also showed that the POSAF and IDR Reactivación projects have no operational mechanisms to ensure that gender mainstreaming takes place. The FADCANIC and Danida PAST programs, on the other hand, are fairly successful at including gender mainstreaming in program activities, since they have clearly defined gender guidelines and gender targets to meet.

Recommendations Regarding Social Inclusion

When working in areas with indigenous populations and other ethnic minorities, the IDB is recommended to involve the specific organizations set up by such population groups, if they exist, to the greatest extent possible. When appropriate, indigenous and Afro-Caribbean organizations should be given a specific role in connection with project design and implementation. Large project set-ups like POSAF have a tendency to pander to (unconscious or deliberate) anti-indigenous and ethnic minority sentiments.

In order to reach other segments of the poor and excluded, it is also recommended that the IDB, to a greater extent than hitherto, design targeted activities or sub-programs to reach the poorest of the poor.

Finally, it is recommended that future CDRD projects—and, where feasible, also the ongoing projects—incorporate specific measures to ensure improvements in the area of gender mainstreaming. In particular, as project activities are likely to affect women and men differently, women's situation and needs should be understood and addressed explicitly in the design of projects. Project documents should specify what percentage of women and men must be trained or receive project benefits. In this connection, the experiences of the FADCANIC and Danida PAST programs in Nicaragua could serve as role models or sources of inspiration.

Enabling Environment

The coordination of efforts between the local, micro and macro economy are critical for success. Often, CDRD projects are well executed at the local or micro level, or enjoy *active participation* in their planning and execution, but are situated within an encompassing, inimical external policy and institutional environment. The adverse influence of the external factors can limit the positive impact of the community level interventions and threaten financial viability.

Four elements are essential for the creation of an enabling policy and institutional environment:

Human Rights

The level and degree of human and democratic rights determine to a great extent the type of participation and empowerment that it is realistic to expect in a community. A general climate of fear caused by threats to democratic processes and pro-indigenous, pro-peasant, and pro-landless movements in some Central American countries represents a constraint to human and economic development, as well as participation in development programs.

Pro-poor Rural Development Strategies

Nicaragua and other Central American countries suffer from a general lack of co-ordination of government programs, and from a lack of a clear, pro-poor rural development strategy. To this may be added confusion of mandates between ministries and lack of donor co-ordination. Moreover, Nicaragua, Honduras, and Guatemala are highly centralized states, and the municipalities have limited human and technical resources.

Decentralization

In the case of Nicaragua a recurrent problem affecting the public domain interventions has been the weakness and absence of municipalities in maintaining roads, or in providing much-needed extension advice, etc. There is very little decentralization and limited devolution of power in Nicaragua. Nicaragua only allocates 1.5 percent of development monies to the municipal level, as opposed to Bolivia, for example, which allocates 20 percent. Other countries studied during the review, especially Guatemala, Honduras, El Salvador, Paraguay, and Colombia, do not apportion adequate resources to municipal authorities either.

Economic Policies

Economic policies that are neutral or favor rural areas especially with respect to infrastructure investments, agriculture, enterprise development, and local economic development, help to reinforce the positive interventions on the micro level. More often than not, the macro-economic policies are biased against rural areas and agriculture, in particular.

As far as indigenous communities are concerned, unless economic development in the western, capitalist sense of the term is introduced slowly and in the terms of the indigenous groups themselves (i.e., that they control the development) the tendency is for the indigenous groups to be coerced into exploitative intermediate relationships that often hasten cultural destruction, and the alienation from their lands and the destruction of their habitat.[36] The fieldwork reveals this sad trend among Tasba and other ethnic groups of the Nicaraguan Atlantic coast, in the area that FADCANIC is trying to advocate on behalf of indigenous peoples and their habitat.

Recommendations Regarding Enabling Environment

Given that social inclusion and poverty reduction seem to require the application of legal and land reforms, and redistribution of resources, it is recommended that the IDB intensify the policy dialogue on these issues with countries such as Honduras, Mexico, Guatemala, Colombia, and Paraguay. As a minimum, human rights and indigenous rights should be respected as a condition for receiving IDB loans and loan disbursements.

Similarly, it is recommended that the IDB strongly promote the adoption of pro-poor rural development strategies. This may even become a condition for the approval of loans for certain types of programs.

Effective decentralization is necessary for local governments to support and ensure the long-term sustainability of the majority of IDB-financed interventions. Decentralization is no panacea, however, and it cannot, in itself, guarantee project sustainability. Nevertheless, the promotion of effective and efficient local government systems should be an important complement to locally focused rural development projects.

It is recommended, therefore, that the IDB make a strong effort to promote wholehearted decentralization and devolution of power. Countries such as Nicaragua, Honduras, El Salvador, and Guatemala could use Bolivia's path-breaking decentralization laws and experience as a model, or source of inspiration, for the future.

[36] For examples of this process in Amazonian areas of Bolivia, cf. the publication of the Bolivian Vice Ministry of Indigenous Affairs and Indigenous Nations (VAIPO) (*Pueblos indígenas de Tierras Bajas*, La Paz, VAIPO / UNDP, 1998), which documents irreversible processes of exploitation and land alienation of groups such as the Araona and the Chimane.

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ANNEXES

Annex 1. Inter-American Development Bank Programs

Country*	Year	Program Number	Program Name	Date	Total Amount US$
NI	1994	NI0042	National Program of Rural Development	7/27/94	33,400,000
	1996	NI0025	Conservation and Management of Forestry Resources	1/17/96	24,400,000
	1997	NI0014	Revitalization of Food and Agricultural Sector	12/10/97	44,630,000
	1999	NI0107	Rural Development Program of the Atlantic Region	12/15/99	8,890,000
	2000	NI0108	Poverty Alleviation and Strengthen of Local Capacity	11/8/00	55,645,000
	2001	NI0141•	Program for Social Environmental Forstry Development II (Posaf II)	9/12/01	38,000,000
ME	1996	SP9506249/TC9506249	Proposal for the Establishment of Small Projects and Technical Cooperation for Marginal Groups in the Southeast of Mexico	12/4/96	15,000,000
GU	1996	GU0081	Sustainable Development of El Peten	11/26/96	21,700,000
HO	1996	TC9506231	Rural Business Development Program	1/23/96	2,687,000
	2000	HO0144	Rural Economy Reactivation	9/20/00	33,330,000
	2000	HO0161	Poverty Alleviation and Local Development Program	11/29/00	27,800,000
	2001	HO0179•	Management of Natural Resources in Priority Watersheds	5/1/01	27,800,000
	2001	HO0193•	Support for Indigenous and Black Communities (Papin)	10/10/01	1,780,000
ES	2001	ES0129•	Program for Sustainable Rural Roads	4/1/01	75,120,000
PN	1998	PN0116	Sustainable Development of the Darien	12/16/98	88,000,000
	1999	PN0111	Poverty Alleviation and Community Development Program	11/23/99	66,350,000
CO	1981	CO0173	Integral Rural Development of North Zone Colombia	11/24/81	122,966,000
	1994	CO0059	Sustainable Development Program of the Pacific Coast	7/6/94	61,400,000
	1996	CO0196	Alternative Development Program	12/18/96	110,000,000
BO	1998	BO0171	Integral Support to Small and Medium Enterprises	10/28/98	43,750,000

* NI= Nicaragua; ME= Mexico; GU= Guatemala; HO= Honduras; ES= El Salvador; PN= Panama; CO= Colombia; BO= Bolivia.

• These programs were approved in 2001, and have important information for study, however, they cannot be consider as samples because they are in the initial phase of implementation.

Annex 2. World Bank Programs

Country *	Year	Program Number	Program Name	Date	Total Amount US$
NI	1996	P007790	Rural Municipal Development Project (Protierra)	09/12/1996	40,400,000
	1998	P040197	Social Investment Fund	11/10/1998	165,700,000
	1999	P052080	Project for the Promotion of Sustainable Forestry Investment	01/07/1999	15,000,000
	2001	P055823•	Rural Municipal Development Project (Protierra II)	03/27/2001	40,700,000
ME	1997	P007700	Community Forestry Project	02/18/1997	23,600,000
	1999	P057530	Rural Development Project in Marginal Areas	12/15/1999	73,000,000
	2000	P066938	Generosity – Women's Fund for Innovation	06/16/2000	3,070,000
GU	1998	P049386	Local Development and Reconstruction Project	07/28/1998	37,600,000
HO	1999	P057350	Project for the Promotion of Science and the Interactive Environmental Learning	06/17/1999	4,000,000
	2001	P007397•	Community Education Project	04/10/2001	47,800,000
	2001	P057859•	Sustainable Tourism at the Coast Project	07/25/2001	6,040,000
PN	1997	P007847	Rural Poverty and Natural Resources Project	05/08/1997	39,000,000
CO	2000	P068762	Community Works and Jobs Project – Hands to Work; Community Projects	05/11/2000	192,980,000
BO	1998	P040085	Project for Participatory Rural Investment	05/12/1998	87,300,000
	2001	P057416•	Project for Development of Indigenous Peoples	02/14/2001	5,000,000

* NI= Nicaragua; ME= Mexico; GU= Guatemala; HO= Honduras; PN= Panamá; CO= Colombia; BO= Bolivia.

• These programs were approved on 2001, and have important information for study, however, they cannot be consider as samples because they are in the initial phase of implementation.

Annex 3. Principal Aspects covered by the Rural Development Programs Matrix

			Covered Aspects ✓									
Country	**Year**	**Program Name**	**A**	**B**	**C**	**D ***	**E**	**F**	**G**	**H**	**I**	**J**
NI	1994	Rural Development National Program (NI0042)	p	n/a	m	m	n/a	n/a	m	a	a	a
	1996	Conservation and Management of Forestry Resources (NI0025)	p	n/a	m	m	n/a	n/a	n/a	a	m	m
	1997	Revitalization of Food and Agricultural Sector (NI0014)	p	n/a	m	m	n/a	n/a	m	m	a	a
	1999	Rural Development Program of the Atlantic Region (NI0107)	n/a	n/a	n/a	n/a	a	a	m	n/a	m	m
	2000	Poverty Alleviation and Strengthen of Local Capacity (NI0108)	p	p	m	m	a	a	a	a	n/a	n/a
	2001	Program for Social Environmental Forstry Development II (POSAF II) (NI0141)	p	n/a	m	a	m	n/a	m	a	n/a	a
ME	1996	Proposal for the Establishment of Small Projects and Technical Cooperation for Marginal Groups in the Southeast of Mexico (SP9506249/TC9506249)	a	a	a	a	a	a	n/a	n/a	a	a
GU	1996	Sustainable Development of El Peten (GU0081)	n/a	n/a	n/a	a	a	a	a	a	a	a
HO	1996	Rural Business Development Program (TC9506231)	n/a	m	m	m	n/a	n/a	n/a	a	n/a	n/a
	2000	Rural Economy Reactivation (HO0144)	n/a	n/a	m	m	n/a	n/a	n/a	m	a	a
	2000	Poverty Alleviation and Local Development Program (HO0161)	p	p	a	a	a	n/a	a	a	n/a	n/a
	2001	Management of Natural Resources in Priority Watersheds (HO0179)	n/a	n/a	m	a	a	a	n/a	a	a	a
	2001	Support for Indigenous and Black Communities (PAPIN) (HO0193)	a	m	a	m	a	a	a	a	n/a	n/a
ES	2001	Program for Sustainable Rural Roads (ES0129)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PN	1998	Sustainable Development of the Darien (PN0116)	m	m	m	m	a	a	n/a	a	a	a
	1999	Poverty Alleviation and Community Development Program (PN0111)	p	m	a	a	m	a	a	a	n/a	n/a
CO	1981	Integral Rural Development of North Zone Colombia (CO0173)	n/a	n/a	n/a	m	n/a	n/a	n/a	a	a	m
	1994	Sustainable Development Program of the Pacific Coast (CO0059)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	a	n/a	a
	1996	Alternative Development Program (CO0196)	p	n/a	a	a	a	a	n/a	a	m	a
BO	1998	Integral Support to Small and Medium Enterprises (BO0171)	n/a	n/a	n/a	m	m	a	a	m	n/a	n/a
NI	1996	Rural Municipal Development Project (PROTIERRA) (P007790)	p	p	m	m	a	m	a	a	n/a	m
	1998	Social Investment Fund (P040197)	p	n/a	m	a	a	a	m	a	n/a	n/a
	1999	Project for the Promotion of Sustainable Forestry Investment (P052080)	p	n/a	m	n/a	a	a	m	a	a	n/a
	2001	Rural Municipal Development Project (PROTIERRA II) (P055823)	p	n/a	m	a	a	a	n/a	a	a	m

Country	Year	Program Name	A	B	C	D ∗	E	F	G	H	I	J
ME	1997	Community Forestry Project (P007700)	p	a	a	a	a	a	a	a	a	a
	1999	Rural Development Project in Marginal Areas (02) (P0575300)	p	m	a	a	a	n/a	a	a	n/a	n/a
	2000	Generosity – Women's Fund for Innovation (P066938)	p	a	a	a	a	a	n/a	a	a	a
GU	1998	Local Development and Reconstruction Project (P049386)	p	p	n/a	n/a	n/a	a	n/a	a	n/a	n/a
HO	1999	Project for the Promotion of Science and the Interactive Environmental Learning (P057350)	m	n/a	n/a	a	n/a	n/a	n/a	a	n/a	n/a
	2001	Community Education Project (P007397)	a	a	a	a	a	a	n/a	a	n/a	n/a
	2001	Sustainable Tourism at the Coast Project (P057859)	p	n/a	m	m	a	a	m	m	a	m
PN	1997	Rural Poverty and Natural Resources Project (P007847)	p	p	p	a	a	a	n/a	a	m	a
CO	2000	Community Works and Jobs Project – Hands to Work; Community Projects (P068762)	n/a	n/a	n/a	n/a	a	n/a	m	a	n/a	n/a
BO	1998	Project for Participatory Rural Investment (P040085)	m	n/a	m	m	a	a	m	m	a	a
	2001	Project for Development of Indigenous Peoples (P057416)	m	a	a	m	a	a	a	a	a	n/a

✓ Most important Aspects covered by the rural development programs:

A = Planning and Design
B = Monitoring and Evaluation
C = Empowerment
D ∗ = Expected Sustainability for the projects, sub-projects and programs (includes operational, financials y technical sustainability)
E = Social Inclusion
F = Indigenous
G = Women
H = Social Capital
I = Access to Markets
J = Productive Goods

Covered levels by the rural development programs:

a = high
p = participation only at the project and sub-project level
m = medium
n/a = not applicable

Annex 4. Summary of the analysis of the studied community rural development programs

Components or Principal Areas	IDB			WB		
	None	Median / Projects	High	None	Median / Projects	High
Planning / Design	45%	45%	10%	7%	87%	7%
Monitoring / Evaluation	65%	30%	5%	47%	27%	27%
Empowerment	30%	50%	20%	20%	47%	33%
Sustainability	15%	70%	15%	20%	40%	40%
Social Inclusion	40%	15%	45%	13%	0%	87%
Indigenous	50%	0%	50%	20%	7%	73%
Women	50%	20%	30%	40%	33%	27%
Social Capital	15%	15%	70%	7%	7%	87%
Market Access	45%	15%	40%	47%	7%	47%
Productive Goods	35%	15%	50%	53%	20%	27%

The percentages represent the programs financed by the Inter-American Bank (IDB) and the World Bank (WB), and they cover the different aspects or areas at different levels.

None: when there are no components in these areas or there is no community participation in this area.

Median / Projects: when the areas or components are covered in a median way or through projects and sub-projects.

High: when there is high participation as well as emphasis in the different areas and components in development programs.