The EC policy and Approach to Rural Development

June 2001
Structure of the Presentation

✦ Current Aid trends in the “Rural Space”
✦ EC Response:
  ➤ Development Policy, Rural Development policy, Country Programming
✦ Rural Strategies: an operational tool for RD
✦ Some observations on current practices
Current Trends in aid to the “Rural Space”
What are the trends in Development Aid

- Aid to ‘rural space’ in general is declining, faster in ‘rural sector’, and fastest in agriculture (1996/2000 ⇒ 4% RD, 6% Ag)
- Investment in rural space seems low relative to the incidence of rural poverty, and investment in agriculture is low in light of anticipated doubling of world food demand;
- Natural resource management activities are low relative to on-going resource degradation;
- The quality of rural projects/programmes SIMILAR to other sectors;
- The quality of completed projects is below average (WB), in particular in sustainability and institutional development;
- Financial aspects seem to be the most frequent factor causing poor sustainability.
Causes of drop in Agricultural and RD support

Why have RD and Agriculture fall so low in Donor Support?

✦ The rural poor have less political voice than even the urban poor.
✦ Agricultural development and rural poverty reduction require long-term commitments and do not offer quick results.
✦ Public sector role in agriculture is shrinking with reforms
✦ Higher price and weather variability affects results in agricultural projects.
✦ Current low international commodity prices reduce interest in agriculture.
Causes of drop in Agricultural and RD support

✦ There is increased competition among sectors: agriculture and rural development are losing out (less fashionable).

✦ A large share of social sector support is implemented in rural areas thus justifying reduced attention to rural focused programmes.

✦ Agricultural and rural development programmes, due to their multidisciplinary nature, require the cooperation of many ministries and institutions in recipient countries.

✦ Greater reliance on ministries of finance have resulted in lower priority being given to agriculture and rural areas in the donor programming and PRSP process.
Causes of drop in Agricultural and RD support

And within donors’ offices:

✦ There is confusion as to whether specifically targeting the “rural space” is necessary

✦ The agricultural and rural portfolio have had more “quality” problems than other sectors.

✦ The number of technical agricultural staff has declined significantly in donor staffing.

✦ With shrinking budgets, country officers prefer larger, less complicated, projects than most agricultural and rural operations (smaller than average, dispersed, and more difficult to succeed)
RD requires advocacy...

The return of RD and Agriculture onto donors agendas requires:

- A clear narrative on the advantages of having a coherent and holistic approach to rural poverty beyond the rural focus of sectoral strategies.
- Developing co-ordinated donor responses to supporting national policies and strategies for rural poverty reduction.
- A commitment to support international public goods targeted towards the need of the poor.
... as well as tools

To meaningfully support decentralisation by

✦ increasing advocacy of poor rural communities
✦ channelling resources in a systemic way to the lower levels of government while improving public sector accountability and transparency
✦ supporting local initiatives improving the dissemination of information in rural areas
The EC Response: its policy framework

A Development Policy
A Partnership Agreement
A Policy for Rural Development
New Policy: an integrated framework for EC intervention

Central Objective: Poverty Reduction

Trade and Development
Regional cooperation and integration
Macro-economic support and social sectors
Transport
Food Security and Sustainable Rural Development
Institutional Capacity Building and Governance

Human Rights
Gender
Environment
The five pillars of the Cotonou partnership

- political dialogue
- reform of instruments and programming
- a new trade framework
- participatory approach
- poverty focus
Instruments and programming

Rolling programming

- coherent programming exercise
- needs and performance
- gradual shift to budgetary support
- reformed review mechanism ⇒ decentralisation, efficiency and continuity
The RD policy objectives

Sustainable improvement of rural livelihoods through:

✧ Peaceful, equitable and democratic rural societies
✧ Effective and accountable institutions
✧ Economic policies centered on rural growth
✧ Enhanced individual assets for rural dwellers
✧ Natural resources managed sustainably
✧ Greater coherence in EC policies
Rural Strategies: an operational tool for RD
Key conclusions of our diagnosis

✦ No quick fixes: RD is a long term business
✦ The lack of a viable economic framework undermines rural interventions.
✦ A coherent strategic framework is necessary to coordinate long term efforts of several institutions
✦ Decentralisation offers an institutional system to support interventions in the rural space
✦ The lack of capacity, systems and resources have undermined and marginalised local administrations
For effective poverty reduction, interventions in rural space must combine local initiatives and central support. This implies:

➤ Decentralised cooperation needs new tools and approaches

➤ NGOs role will progressively move from “doing” to “facilitating” and supporting community participation
What do we mean by RD

- An overarching concept, which puts emphasis on the rural component of poverty
- Multisectoral by nature
- Integrates in one strategy production and services, economic and social sectors
- Rural-Urban: not a dichotomy but a continuum
- It leads to strategies NOT to projects
- IT IS NOT about IRDPs
From Objectives to a Strategic Framework

✦ One precondition:
  Political commitment to pro-poor policies

✦ Three principles:
  ➤ Participatory design (role of women)
  ➤ Emphasis on decentralisation
  ➤ Subsidiarity in implementation

✦ One tool:
  National RD Strategies for a co-ordinated response to development challenges in rural areas
A strategic framework for EC support in rural areas

In any case EC requires an RD framework to:

- analyse and evaluate national situations
- provide a rationale to the identification of country priorities
- identify an appropriate set of indicators
- substantiate complementarity
- identify comparative advantages
- rationalise the use of Community instruments
Different levels of intervention

✧ **International** (trade, coherence), Regional (agricultural research) ... but primarily

✧ **National**: three levels
  ➤ **Macro**: RD feeding into macro-economic policies
  ➤ **Meso**: Institutional reforms and Sectoral Approaches
  ➤ **Micro**: decentralised institutions, associations, communities,
Sector Approaches at “meso” level

- Based on a Govt. sectoral policy and strategy developed with beneficiaries participation
- Common expenditure programme
- Framework for donor co-ordination
- Different disbursement mechanisms may subsist
- Budget Support is the objective provided satisfactory procedures and systems are in place
At local level

- Participatory community development is a necessary complement to institutional development and support to local administrations.
- Community mobilisation (producers, women) for:
  - Identification of priorities,
  - Local budget planning
  - Supervision and « accountability » of institutions
- Capacity building in associations
- Conflict management
Rural Strategy and the EC programming cycle

✦ General programming framework: CDF, PRSPs
✦ At country level EC cooperation strategy: CSP
✦ The RD Strategic Framework for countries where RD is an “area of concentration”
✦ Operational guidelines for the formulation of an RD Strategic Framework
What is happening with PRSPs

- PRSPs are largely macroeconomic and pay insufficient attention to rural issues and livelihoods
- The poverty analysis is often not matched with the strategy
- The root causes of poverty are rarely addressed and interventions focus on provision of goods and services
- There is little prioritisation of expenditure
- There is little discussion of the role of the state
- Indicators need improvement by reducing the number and increasing focus on outcome/outputs
What is happening with CSPs

✧ Timing is too short for in-depth analysis and programming of rural issues, CSP need adjustment during implementation

✧ Indicators need improvement and greater focus on outcome/outputs

✧ Where RD strategies are developed: excessive focus on agriculture, difficulties of linking micro to meso levels

✧ But agriculture is still tied to projects rather than programmes with limited rethinking of the role of the state
Which are the challenges

✦ Combining, and prioritising support at central and local level but...avoiding reinforcing centralised planning,

✦ Favouring devolution and process management providing lead time for capacity building,

✦ Modernising institutions and managing change

✦ Developing flexible tools to effectively support local communities and decentralisation

✦ Ensuring effective participation of beneficiaries in decision making and supervision of expenditures

European Commission - DG Development
In particular: supporting civil society organisations

✧ Avoid donor dependency in local communities
✧ Donors to work indirectly with organisations
✧ Culture of collaboration and dialogue between state and civil society
✧ Participation in prioritisation and planning
✧ Strengthening local organisations and skills
✧ Increasing functional literacy and numeracy
✧ Introducing right to information
To conclude ...

✦ We believe RD Strategies are the appropriate tool to improve effectiveness of support to the “rural space”
✦ To maximise impact funds must be available at the most appropriate level: central and local
✦ Current co-ordination efforts are paramount but their rural focus needs improving
✦ National support to RD needs to be complemented by support at international level for international public goods (particularly research) and regional level.