

Rethinking Rural Development

"When we had all the answers, the questions changed"

- Aymara Indians, Andean Region

Rural Development is a very much used in development jargon. However, there is much uncertainty regarding the concept as far as Sri Lankan experience in this field is concerned. This article tries to give some glimpse into those gray areas in an over-view of existing rural development initiatives in Sri Lanka. However, the article does not attempt to give any ready made solution for the problems confronting rural development but gives some insights which can open up new avenues, particularly at the policy making level.

Why Rural Development?

In development theory and thus in the practice of developing countries, one came across, from time to time, several paradigms with different dimensions in terms of sectoral orientation and the methodology applied. Many of them focus on Rural Development or Agricultural Development because the main symptoms of underdevelopment are seen as inherent among the rural population of these countries. On the one hand, rural folk represent the majority of the population in these countries and on the other the living standards of rural people are considered to be inferior with compared with those of urban dwellers. It has been the consensus that Rural Development should be central to poverty reduction.

Furthermore, it was experienced that metro centres with sky-high towers and sophisticated infrastructure based on the service sectors that occupied substantial part of the economy are not sustainable unless the rural economy of a country is developed to the extent that it is compatible with the other areas of the economy. (Increased supply of food, some other raw materials and lower prices of food commodities from the rural sector and absorption of the redundant labour force by the urban sector.) The driving force of the economies of East Asian countries that have achieved a substantially high growth rate was in particular, the expansion of small and medium enterprises based in the rural sector which were able to mobilize domestic resources which otherwise were for a large part lying idle.

In the era of globalization poverty has become an international issue rather than the national issue of a country. It has now been recognized

that poverty is a trans-boundary phenomenon. More and more illegal migrant problems, AIDS and HIV are very common examples. There are enough reasons for the international community then, led by bilateral and multilateral donors, to increase their attention to rural development.

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Then problem arises, why (or on what grounds) are rural areas designated as underdeveloped and why urban areas are considered to be developed? (Or why only rural development but not urban development?) The possible answer is that many

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of these issues arise when we compare the socio-economic conditions of the rural areas with those of urban areas particularly with the impression of western urban centers in our minds. Then does rural development mean converting a rural area into urban or can it be developed while the function assigned remaining? Can the problem be at least partly solved by shifting some rural people to urban centres? The problem is not so easy. Urban centres in many developing countries are already densely populated and living standards of low-income layers of urban population (most probably migrant or displaced from rural areas) are unlikely to be better than that of the rural poor. Opportunities to improve the living standards of the urban poor are also likely to be diminishing.

The inability or reluctance of rural people to shift (at least in the case if there any chance to do so permanently or temporarily) to urban areas in the event there is some possibility is explained by disturbance this will cause to their patterns of living¹.

If the life in the rural areas is not up to conventional

standards (as perceived by the people), what inhibits the effort to improve the living standards of the people in the countryside?

There are various development models based on various theories, debates and research findings that have been trying to answer this question. Though it is very relevant to discuss the development of these thoughts over time, there will be no space to do that in this paper. The core of the problem and the very clear fact is likely to be widespread unemployment and underemployment in the rural sector. No attempt to upgrade the living standards of rural people will be successful unless this simple fact is recognized. Then whole problem of rural development is where and how we provide employment opportunities to this redundant labour force. One can ask the question whether supplying employment opportunities alone will resolve the problem.² Of course any solution for this should be not only economically feasible but also socially acceptable, as we have already pointed out.

Obviously the answer to the question of employment may lie outside the rural sector. Here we should emphasize that this is not contradictory with the hypothesis we made on the core problem of rural development. Because we still have to decide what portion of employment opportunities can be generated in the rural sector so that the remainder can be accommodated in the urban sector or, more radically the entire solution be put on the urban sector with the expense of converting whole rural areas to urban.

What has been done so far?

Some of significant milestones of interest can be listed: Rural Industrialization, Green Revolution, Cooperative Movement, Land Reform, Change Agent Programme, Micro-Credit, Integrated Rural Development Approaches, Rural Non Farm Sector Development and Livelihood Approach. Some of those listed are theoretical concepts while others can be categorized as working strategies

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The term Rural Area has to be defined at the outset not only because this is ambiguous but also because it will allow us to make sense of a plethora of perceptions blended together in our minds. The criteria adopted for the designation of rural area depend on the objectives of interest. In the meantime, definitions vary widely across countries too. A few criteria widely used are; size of settlement, functional territory of municipalities and whether the area lies within or outside certain main cities. For many purposes, the first criterion is widely used with different cut off points.

Conventional definition of a rural sector can be formulated as follows:

"The space where human settlement and infrastructure occupy only small patches of the landscape (scattered sparsely over the landscape) most of which is dominated by fields and pastures, woods and forest, can be regarded as rural area."

However, the rural sector in developing Asia and Africa represents a complex of components such as smallholder and plantation agriculture and their sub categories; social groups/layers such as peasantry, farmers, fishermen and agricultural labourers; production relationships such as tenancy farmer-land owner, agricultural labourer-land owner, trader-producer etc.; social relationships such as kinship, patronage, political, caste and other networks together with the livelihood pattern of their own.

or programmes. Some theoretical concepts listed may have working strategies behind them whilst some programme listed are not based on any strong theoretical background.

In the course of implementation almost all of the above developed bottlenecks and limitations of their own. The Green Revolution focused on increasing productivity in agriculture particularly the non-plantation agriculture sector, which at a point however, ceased to absorb more labour. Rural industries, including cottage industries and traditional handicrafts that cater mostly to the demand of rural people, have gradually been replaced by its modern or urban counterpart. Land reform in Sri Lanka was relegated to tenancy reforms that had no significant impact on the rural economic structure. Programmes such as Change Agent Programme that focused on self-reliance of the poor have gained success in some areas but these are likely to be very limited. Fungibility was one of the main problems in rural credit programmes. Government led integrated rural development programmes had limited capacity to generate employment opportunities. Generally, as it was seen all these initiatives executed missions assigned to them, but were, however, unable to bring about dynamic change in the rural sector so that income and living standards of the rural poor should be substantially improved.

Common Shortcomings

A number of common shortcomings in conventional approaches to rural development, particularly in terms of restraining their success, can be noted:

(a) Generally they failed to recognize the dynamic behavior of the rural sector. Rather, they treated the rural sector as more or less static in terms of economic and social relationships.

As we see, different actors i.e. private sector, market forces, traders, bureaucrats, individuals, development activists, the government with its policies and programmes, donor-led initiatives, NGOs, cooperatives and a changing argo-climatic environment among other things, curtailed by the human agency of the people engaged in these activities are in action in this field. The outcome of these maneuvering along with the changes in the global political economic situation give a dynamic character to the rural sector in any country. Therefore, successful rural development strategies should be compatible with this changing socio-economic environment and the consequent changing attitudes of the people, and be continuously adjusted to the ever-changing environment.

(b) They mostly overlooked the vast diversity (semi-urban, rural isolated, estate, drought-prone, flood-prone, landless, tenants, etc.) of rural societies and households (Female-headed, labour-scarce, landless, etc.).

Capacities, capabilities and opportunities of different subgroups widely vary. Uniform strategies are not adequate to provide the necessary support for improving their livelihood across the board. For example, households situated in drought-prone or water scarce areas, have to spend a considerable time in fetching water, which otherwise could be utilized in productive activity. Therefore, a water supply will be an opportunity for a direct extra

income for them, not to speak of its indirect impacts.

A household with less land but more labour force may not benefit from agriculture projects, whereas a household with no active labour force but land may also not benefit.

(c) There was practically no or little dialogue on development issues between decision and policy makers and implementers (leave aside the people).

It is important to have a feed back from the ground where the introduced policies are being implemented. This is a necessary precondition for development of an appropriate policy framework. As there was no feedback, policy makers generally had no idea what is the outcome of the policies would be, ultimately making it difficult to identify the appropriateness of the policies adopted.

(d) Performance of government led massive targeted poverty reduction programmes which had the objective of rural development stagnated, wasted resources, and had little impact on poverty reduction. Therefore they were unable to perform even a complementary role in rural development.

As we noted at the beginning, poverty and rural sector go hand in hand. Poverty is a multifaceted phenomenon and therefore there are more concerns other than merely increasing income and employment generation. Lack of access to infrastructure - roads, safe water, electricity etc. - is recognized as the top priority to be addressed in the perception of poor. Therefore, it was thought that rural development programmes that focused on improving infrastructure in the rural areas would substantially help to reduce poverty in those areas. However, people marginalized and excluded from the mainstream economy have not benefited from these improvements.

Many rural development programmes equalize poverty reduction and rural development putting the former in programme agendas of the latter with high priority. This makes rural development efforts abortive since the target group and areas have no capacity or capability to realize the task assigned. Instead rural development should address optimal ways of mobilizing rural resources to generate more and more employment opportunities by increasing productivity, efficiency and competitiveness in the sector. It is necessary to make a clear distinction between an enabling environment for sustainable economic growth and providing

basic needs for geographically and socio-economically marginalized people.

Recently, particularly after Amartya Sen's renowned contribution to development economics, emphasis was placed on human development and enhancing human capabilities and widening opportunities for the deprived in the poverty reduction exercise. Again this should not be mixed up. Poverty alleviation safety nets that are focused on individuals or households have nothing to do with rural development programmes such as area or regional development programmes. Poverty reduction safety nets should be responsible for maintaining minimum norms of human needs for deprived people.

As we see in practice, inability to demarcate these two routes is likely to be one of the main reasons for the failure of many rural development and poverty alleviation programmes that achieve none of their objectives.

(e) Some rural development initiatives led to severe market distortions, consequently restricting commercialization of the sector.

For example, many Government sponsored Farmer Cooperatives and organizations collapsed after withdrawal of government support and subsidies. Although they were established with the idea that they could bridge the gap created by the state withdrawal in relevant service delivery, and the collapse of traditional social organizations in the village, after some time they become rent seeking bodies rather than independent commercial ventures. These organizations have also hampered the emergence of new demand driven enterprises in the rural sector.

Strengthened cooperatives and state parastatals involved in input and product market and credit supply had a monopoly in their respective fields. The supply driven nature of service delivery of

these institutions led to the promotion of activities with low productivity and inefficiency in resource use, which ultimately resulted in bankruptcy for those institutions and making beneficiaries more destitute.

(f) Absence of a comprehensive Rural Development Policy kept the direction of initiatives always changing, which ultimately resulted in a 'mess' in this field.

The main productive component in the rural sector is agriculture and all other activities are more or less auxiliaries of this component. Hence, development of this sector is largely dependent on the government's macro-economic policies i.e. agriculture, trade and price policies. Therefore, thinking conventionally one can conclude that there is no need of separate rural development policy.

The macroeconomic context is changing continuously due to indigenous and exogenous factors affecting it. Therefore, the correspondence between macroeconomic policy and rural development interventions should be continuously adjusted. In a situation where there is no rural development policy, there is no way of taking rural sector interests into account. Therefore, adjustment to macroeconomic policies is likely to be realized at the expense of the rural sector development.

(g) Administration has been decentralized, but policy design at those levels has not been done. In order to boost enterprises based on local resources and to facilitate vertical and horizontal partnerships among large and medium scale private sector enterprises, semi-government and local government bodies with individual producers, a regional adjustment of the fiscal policy framework is needed.

Further, administratively decentralized bodies have no voice in national policy making even on issues within the scope of the respective agencies.

A question of methodology?

Our main concern - employment generation is really a challenge for any kind of rural development initiative. Earlier it was thought that by increasing agricultural productivity alone this could be achieved, and direct efforts to generate income through government led development programmes was in vogue, at a point, the focus was on providing economic infrastructure and this later shifted to the supply of credit and so on.

However, the benefits of many of these efforts seem to have been eroded by inconsistent macro policies. Governments, in line with these changing roles particularly in the productive components of the economy, had taken the first steps to perform facilitator's role even in the field of rural development, in activities such as formulating and facilitating regional chambers of agro-producers or promoting contract farming and getting private sector involvement in agriculture extension etc. in order to stimulate commercialization.

The 1980s was regarded as a lost decade for development for many developing countries, particularly from the mid 1980s to mid 1990s. For some scholars this is same with development theory too. The latter is beyond the scope of this paper. Mainstream lines of development thinking too were held back. By that time there was a consensus that the market panacea doesn't work as expected. Social cost of Structural Adjustment Programme (SAP) advocated by the World Bank had been well recognized. The Civil Society approach comprising mainly NGO activities in development field in many countries was disappointing. Meantime rural development was re-identified as an area where the role of government is inevitable.

In the case of Sri Lanka development practice faced a difficult time as separatist insurrections came to a peak during this period. The economy was become a war economy rather than a development economy. However, thoughts and ideas on rural development were not lacking even in the so-called lost decade. What was lacking were policy instruments or viable strategies or in other words action oriented plans to realize these policy initiatives. To overcome this, a sound understanding of the possible impact of various policy options is needed. However, failure to achieve the objectives of existing development programmes led to consequent chaos.

Table 1

Differentiation of Rural Development Programmes from Poverty Safety Nets

Rural Development Programmes	Targeted Poverty Alleviation Safety Nets
<ul style="list-style-type: none"> ● Focus is on the area as a whole ● Objectives are comparatively long term ● Largely dependent on other macro policies such as trade policies. ● Objective is to increase productivity, efficiency and profitability in local resource use. ● These programmes cannot be complementary to the poverty safety nets. 	<ul style="list-style-type: none"> ● Focus is on individuals or individual households ● Short term relief programmes ● More or less independent on macro-policies. ● Objective is to support deprived people to enable them to meet their basic needs. ● These programmes can be complementary to rural development programmes.

Therefore, the decade concerned seems to have been lost mainly because there were no sound working strategies introduced during this period. Generally it seems that governments continue to be in a dilemma that either cope with the issue through macro policies only or through conventional approaches or by a mixture of both.

Therefore, the question still remains whether the government should totally withdraw from direct involvement in especially designed rural development programmes, or continue such approaches along with consistent macro-policies, and whether the levers of the macro-policy mechanism are capable enough to provide the necessary momentum to uplift the rural economy so that it can provide employment opportunities to rural people to strengthen their livelihood.

Summing up

Development has experienced various theories, plans, programmes throughout its history. However, practically more than quarter of the population in Sri Lanka are still below the poverty

line. Inability to cope with the changing politico-economic environment with rapid technological transformation is likely to be the main limitation of orthodox development programmes. Adoption of inconsistent policies exacerbated the situation. Apart from that, concepts of rural development have been obscured by various programmes with different political agendas (particularly with changes of government) and, in many cases, are confined to targeted poverty reduction programmes. Therefore, it is a need to separate clearly rural development programmes from other social welfare programmes such as poverty reduction safety nets, which can distort the original agenda of a development initiative leading to welfare oriented, but economically unproductive activities. In order to avoid these anomalies, it is an utmost necessity to define the scope of rural development and to develop a consistent and long-term Rural Development Policy with a sound methodology, capable of coping with the changing global politico-economic environment.

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Footnotes:

- 1 Although unemployment and underemployment is widespread in Sri Lanka, it was reported that one of the major problems faced by the garment industry, particularly that based in the Western Province is the scarcity of skilled, semiskilled or unskilled labour. There were about ten thousand vacancies in BOI factories in the year 2000. This gives some indication of the social aspects of the employment problem.
- 2 Ironically, it was reported that there is a labour shortage in non-plantation agriculture too. (Silva et.al. 1999)