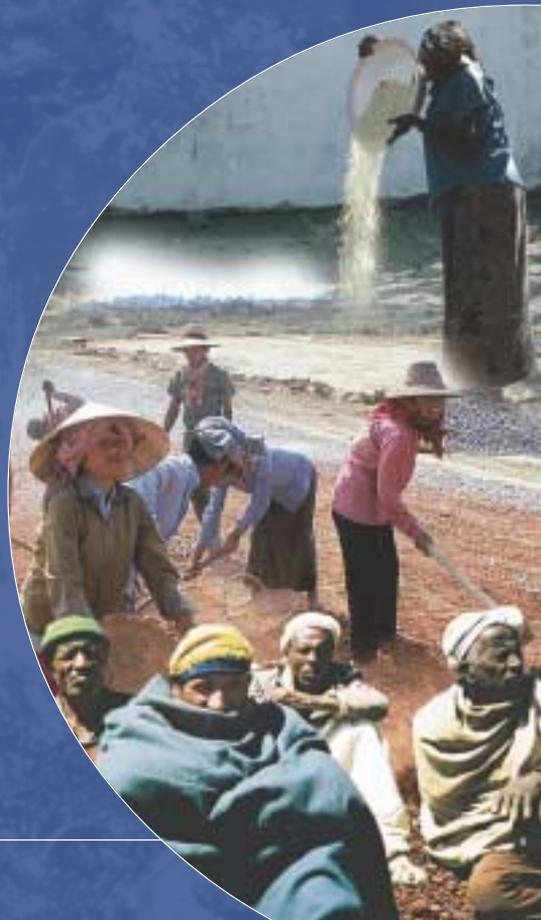


Area Development Projects, Poverty Reduction, and the New Architecture of Aid

Volume II – Case Studies:
CAREERE/Seila, Cambodia
ANRS, Ethiopia
EEOA, Zambia



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Acronyms

| | |
|---------------------------|--|
| ACAO | Agricultural Co-operatives Affairs Office (now CPB) |
| ACP | Agricultural Commercialisation Programme |
| ACSI | Amhara Credit and Savings Institution |
| ADB | Asian Development Bank |
| ADESS | Agricultural Development Support System |
| ADLI | Agriculture Development Led Industrialisation |
| ADP | Area Development Project |
| ANRS | Amhara National Regional State |
| ARARI | Amhara Regional Agricultural Research Institute |
| ARRA | Amhara Rural Roads Authority |
| ASIP | Agricultural Sector Investment Programme |
| AusAID | Australian Agency of International Development |
| BoA | Bureau of Agriculture |
| BoFED | Bureau of Finance and Economic Development |
| BoPED | Bureau of Planning and Economic Development |
| BoTI | Bureau of Trade and Industry |
| CAAEP | Cambodia Australia Agriculture Extension Programme |
| CAR | Council for Administrative Reform |
| CARERE/Seila ¹ | Cambodia Resettlement and Reintegration Programme |
| CBNRM | Community-Based Natural Resource Management |
| CBO | Community-Based Organisation |
| CDC | Commune Development Committee |
| CEP | Community Empowerment Programme |
| CLUSA | Co-operative League of the United States of America |
| CPB | Co-operatives Promotion Bureau |
| DAC-SEE | District Agricultural Sub-Committee for Economic Expansion |
| Danida | Danish International Development Assistance |
| DFID | UK Government Department for International Development |
| DoPED | Department of Planning and Economic Development, zonal office of BoPED |
| DoTI | Department of Trade and Industry |
| DPPC | Disaster Prevention and Preparedness Committee |
| DRC | Democratic Republic of the Congo |
| EEOA | Economic Expansion in Outlying Areas |
| EGZ | East Gojjam Zone |

¹ Seila is a Khmer word meaning 'foundation stone'

| | |
|---------|--|
| EIA | Environmental Impact Assessment |
| ETB | Ethiopian <i>Birr</i> |
| FA | Facilitation Areas |
| FDRE | Federal Democratic Republic of Ethiopia |
| FRA | Food Reserve Agency |
| GBP | British Pound |
| GDP | Gross Domestic Product |
| GIS | Geographical Information System |
| GTZ | The German Technical Co-operation Agency, <i>Deutsche Gesellschaft für Technische Zusammenarbeit</i> |
| HIPC | Highly Indebted Poor Countries |
| HRD | Human Resource Development |
| IDRC | International Development Research Centre |
| IFAD | International Fund for Agricultural Development |
| ILO | International Labour Organisation |
| IPIS | Integrated Planning Information System |
| IPM | Integrated Pest Management |
| IPRSP | Interim Poverty Reduction Strategy Paper |
| IRDP | Integrated Rural Development Programme |
| KHR | Cambodian <i>Riel</i> |
| LDF | Local Development Fund |
| LLPPA | Local Level Participatory Planning Approach |
| LUMU | Land Use Management Unit |
| LUPU | Land Use Planning Unit |
| LWF | Lutheran World Federation |
| MAC | Ministry of Agriculture and Co-operatives |
| MAFF | Ministry of Agriculture, Food and Fisheries |
| MAG | Mines Action Group |
| MBT | Micro Bankers Trust |
| MLA | Multi-Lateral Agency |
| MMD | Movement for Multiparty Democracy |
| MRD | Ministry of Rural Development |
| NATUR | Sida's Natural Resources Department |
| NGO | Non-Government Organisation |
| NTFP | Non-Timber Forest Products |
| NWRDP | Northwest Rural Development Project |
| ODC | Orgut-Danagro Consortium |
| ODI | Overseas Development Institute |
| PADETES | Participatory Demonstration Extension and Training System |
| PAG | Programme Advisory Group |
| PCC | Programme Co-ordination Committee (SARDP) |
| PCU | Programme Co-ordination Unit (SARDP) |
| PLG | Partnership for Local Governance |
| PPA | Participatory Poverty Assessment |
| PRDC | Provincial Rural Development Committee |

| | |
|---------|--|
| PRODERE | Development programme for displaced persons, refugees and returnees in Central America, <i>Programa de Desarrollo para Refugiados Desplazados y Repatriados en Centroamérica</i> |
| PRSP | Poverty Reduction Strategy Paper |
| RARCU | Regional Agricultural Research Co-ordination Unit |
| RARMP | Regional Agricultural Research Master Plan |
| RBA | Rights-Based Approaches |
| REEF | Rural Economic Expansion Facility |
| REMSEDA | Regional Micro and Small Enterprise Development Agency |
| REPSI | Resources Policy Support Initiative |
| RILG | Rural Infrastructure and Local Governance |
| SARDP | Sida Amhara Rural Development Programme |
| SEDP | Socio-Economic Development Plan |
| SEI | Stockholm Environmental Institute |
| SEK | Swedish <i>Krona</i> |
| SHEMP | Smallholder Enterprise and Marketing Programme |
| Sida | Swedish International Development Cooperation Agency |
| SIDO | Small Industries Development Organisation |
| SL | Sustainable Livelihoods |
| SWC | Soil and Water Conservation |
| SWOT | Strengths, Weaknesses, Opportunities, Threats (analysis) |
| SWZ | South Wollo Zone |
| THB | Thai <i>Baht</i> |
| TNA | Training Needs Assessment |
| UNCDF | United Nations Capital Development Fund |
| UNDP | United Nations Development Programme |
| UNHCR | United Nations High Commission for Refugees |
| UNOPS | United Nations Office for Project Services |
| UNTAC | United Nations Transitional Authority in Cambodia |
| USAID | United States Agency for International Development |
| USD | United States Dollar |
| WAO | Women's Affairs Office |
| VDC | Village Development Committee |
| WDCC | Woreda Development Co-ordination Committee |
| WDF | Woreda Development Fund |
| WFP | World Food Programme |
| WRI | World Resources Institute |
| VIS | Village Industry Services |
| ZATAC | Zambia Agribusiness Technical Assistance Center |
| ZMK | Zambian <i>Kwacha</i> |
| ZNS | Zambia National Service |

Currency

Exchange rates during the period of the study were:

| USD | GBP | SEK | KHR | THB | ETB | ZMK |
|------------|------------|------------|------------|------------|------------|------------|
| 1.00 | 0.68 | 10.00 | 4,000 | 44.00 | 8,55 | 4,000 |

Ortography

The transliteration of Khmer is sufficiently unsettled for multiple transcriptions of the same place names to appear in maps and documents; sometimes even contradictory spellings appear in the same document. Whilst opting for the most accurate form possible in the study, the spellings used in the references have been retained, even when these are inconsistent.

1. Introduction

Area Development Projects (ADPs) are designed to contribute to the development of rural areas, especially those neglected or bypassed by public or private investments. The key element is a multi-sectoral approach, similar to the Integrated Rural Development Programmes (IRDPs) of the 1970s, with activities in agriculture, water supply, health, rural infrastructure, and small-scale off-farm enterprises. In 2001, Sida commissioned ODI and its partners to carry out a study of sustainable poverty reduction through Area Development Projects, focusing on Sida-supported programmes in Cambodia, Ethiopia and Zambia. The overall findings of the study are synthesised in Volume I; the present Volume presents the three case studies.

In broad terms, the objective of the study was to learn from the current generation of area-based projects how the next generation might best be designed to address poverty reduction objectives within a rapidly changing context. Table 1 shows the full name of each of the three projects under consideration:

| Country | Abbreviation | Full Name |
|----------------|---------------------|---|
| Cambodia | CARERE/Seila | Cambodia Resettlement and Reintegration Programme |
| Ethiopia | ANRS | Amhara National Regional State |
| Zambia | EEOA | Economic Expansion in Outlying Areas |

2. The Three Case Studies

The three case study projects share some common factors but have very different backgrounds and histories. The 'oldest' project is the Cambodian CARERE/Seila project, initiated in 1991. Over time, this project has changed radically in nature, and could be said to have taken its present shape in 1996 when it moved away from being simply a relief project. The Cambodian and Ethiopian projects were conceived of as working directly with government, while the EEOA in Zambia works within government guidelines but outside its bureaucracy. This is essentially a 'bypass' project – it assumes that government has no direct role to play in, for instance, the provision of credit, although its roles in regulation and facilitation are recognised. As the design document notes, 'The Project is being implemented within the policy guidelines of the Ministry of Agriculture, Food and Fisheries (MAFF) but not within the line structure of the Ministry' (NATUR 1997). The ANRS project is structured according to government priorities, but is solely funded by Sida. CARERE/Seila, in its most recent version, is an actual unit of the Cambodian administration which raises its funding from a multiplicity of donors; Sida contributed something akin to 50% of its core support budget along with DFID and UNDP. Table 2 details the names, dates and management of the three projects:

| Country | Name | Inception date (actual) | Phase | Management | Structure |
|----------|-------------------|-------------------------|-------|--|-------------------------------|
| Cambodia | CARERE/ SEILA/PLG | 1996 | II | UNOPS/UNDP | Collaboration with government |
| Ethiopia | ANRS/SARDP | 1997 | II | ANRS, with the assistance of Orgut-Danagro | Funding government |
| Zambia | EEOA | 1995 | III | RWA/Terra Nova/ Moses Band | Bypass |

Although the three projects fall under the umbrella of NATUR, natural resources are only part of their remit. This may well be inevitable given the multi-sectoral nature of ADPs. The ANRS in Ethiopia was an agricultural services project in the design phase. However, as soon as the initial management moved on, it took on governance as a focus and this will be further emphasised in the recently renamed SARDP phase. CARERE began as relief and rehabilitation in Cambodia, but according to recent programme documents, its focus has now shifted to sustainable development and support to rural decentralisation.

3. Study Methodology

3.1 Theoretical perspectives

The approach taken by ODI to the study of ADPs was to consider relevant elements of recent development theory and determine their application to the field data gathered on the three projects. The following outlines some of the issues ending and summarises these in an ‘analytic grid’ illustrating the application of the theoretical grid to each project.

Sustainable livelihoods (SL) approaches focus on the poor as the centre of analysis and aim to identify interventions to meet their needs and opportunities. The value of SL approaches lies in providing an inclusive and non-threatening *process* which will enhance the capacity of development specialists to think beyond conventional sectoral or disciplinary boundaries. This is in addition to the improved *products* it achieves in terms of, for example, better design of the interventions themselves.

The SL approach is based on a wider view of poverty than conventional income-based approaches. It recognises also the importance of ability to access resources and entitlements, reduce risk and vulnerability, and exercise voice. In this way, the SL approach emphasises that the poor *do* have assets, options and strategies, no matter how constrained, and that they are decision-takers; it offers the prospect of identifying entry points for pro-poor change, and of sequencing activities in such a way as to minimise the danger of appropriation of benefits by local elites.

What does it mean to work with a SL approach in practice?

- SL is an approach (people- and livelihood-centred) to a development problem (multi-dimensional poverty).
- It analyses how people thrive and survive and highlights key opportunities/leverage points.
- It seeks agreement on desired outcomes, based on people’s livelihood goals, and is always involved with institutionalised improvement of the ease with which people achieve a sustainable livelihood – for example reducing risk, better access to resources and entitlements, higher returns to labour etc.
- It then clarifies the operational context that determines what is feasible: who controls power and who is ‘excluded’; degree of government commitment to poverty reduction; absence of conflict; stability of government; effectiveness of decentralisation...

- It defines the nature of interventions to address the development problem within the given operational context.
- The *process* is therefore correct – buy-in within donor agency and partners; developing a vision; agreeing on sequences; building capacity to monitor change and respond to it.

Rights in this context are *claims that have been legitimised by social structures and norms*. They include civil and political rights (freedom of speech, religion, political affiliation and assembly; rights of women and children) and economic, social and cultural rights (for example, rights to health, education, shelter, land and a livelihood). In an ideal view, rights are universal in that they apply to everyone, and are indivisible in that they are all equally important.

The following grid shows the application of the various theoretical areas described in Volume I to individual projects/programmes. It is assumed that poverty reduction applies to all of them, so this is not specifically mentioned.

| Country | SL | RBA | Governance | PRSP | Capacity building | Service delivery | Micro-finance | Private sector |
|----------|----|-----|------------|------|-------------------|------------------|---------------|----------------|
| Cambodia | + | + | + | + | + | | | |
| Ethiopia | + | | + | + | + | + | + | + |
| Zambia | + | | | + | + | | + | + |

In terms of methods for addressing these issues, investigations of three distinct kinds were undertaken:

1. Review of project-related and wider documentation
2. A series of key informant interviews in Stockholm, at the relevant Embassies, with government and project officials at various levels, and with intended beneficiaries and others at local level who are knowledgeable about the project and willing to act as informants
3. Selective primary data collection using direct observation, brief interview schedules and beneficiaries survey.

The concepts and perspectives outlined above underpinned the design of checklists and semi-structured interview schedules for all three kinds of investigations. Clearly, the concepts will not be equally relevant across all three types of investigation. How and how far integration is achieved is, for instance, primarily a question for national (and possibly decentralised) government. Similarly, some of the questions had to be nuanced in order to make them accessible to respondents at different levels: for example, to build up a picture of poor people's livelihood strategies by talking to

them, questions needed to be phrased around the concrete and experiential, whereas project staff may have been able to give views based more immediately on the concepts concerned. Nevertheless, to achieve some degree of coherence in the types of information collected across the three projects, it was important at the outset to have a shared set of concepts and methods on which checklists and interview schedules could be constructed. These concepts, supplemented by a number of others, and their anticipated relevance to different categories of respondents, are presented in Table 3. The text following the table summarises how they were drawn upon in information gathering.

Table 3. Interview matrix for ADP study

| | Central government | Local government | Community | Household | Private sector |
|--|--------------------|------------------|-----------|-----------|----------------|
| 1. Livelihoods, rights and diversification | - | - | + | + | - |
| 2. Vulnerability | - | + | + | + | - |
| 3. Access to capital and entitlements | + | + | + | + | + |
| 4. Income proxies | - | - | + | + | - |
| 5. Directionality of resource flows | | | | | |
| 6. Private-sector profile | + | + | + | + | - |
| 7. Voice/articulatory | - | + | + | + | + |
| 8. Socio-political change | + | + | + | + | + |
| 9. Learning | + | + | + | + | + |
| 10. Integration of lessons learnt | + | + | - | - | - |
| 11. Sustainability | + | + | + | + | + |
| 12. Capacity and institution building | + | + | + | + | + |

1. Livelihoods, rights and diversification

These questions sought to determine the range of activities that both individuals and households use to pursue livelihood objectives, paying particular attention to non-farm income and to the evolution of new livelihood opportunities and constraints. Vulnerability, access to resources and entitlements, and the role of formal and informal policies, institutions and processes are important in assessing these. Rights are especially important in relation to access to capital assets and to entitlements provided by government.

2. Vulnerability

This covered reductions in vulnerability to seasonal food shortages, reduction in shortages of labour at peak periods and reductions in dependency on external resource flows.

3. Access to capital and entitlements

Questions included: Do programme beneficiaries perceive that their access to capital (using the categories of capital defined by the SL framework) and to wider entitlements has changed? How and why? What formal or informal rights do the poor have to these? How have these been secured in practice? Who has attempted to deny such rights and how?

4. Income proxies

Questions sought to elicit what external indicators can be derived to reflect increased income or reduced vulnerability over the lifespan of the project that do not depend on self-reporting.

5. Directionality of resource flows

These questions were intended to capture the flow of capital and resources to the region – whether for example, increased income has led to more export of products or more labour being brought in.

6. Private-sector profile

The private sector must be explored both in terms of its self-perception and in terms of how other actors see it. Has its importance and effectiveness increased or remained static? What are the constraints on its evolution?

7. Voice/articulatory

To what extent do individuals and communities feel their ability to communicate their aspirations and expectations to the authorities have been enhanced? A key distinction should be between expression and outcomes. It can be that freedom of expression increases without any increase in response.

8. Socio-political change

This area sought to determine what socio-political changes have occurred in the course of the programme and how this has impacted on its management and the capacity of households to respond to external changes.

9. Learning

Questions referred to learning within projects, to the transfer of lessons across projects, and to wider processes of learning in partner countries.

Learning was assessed in relation to verbal and written modalities in a number of different spheres and levels:

- Learning within Sida will be assessed at country and headquarters levels; turnover of staff and new interpretations by staff of the purposes of projects will be one aspect of the assessment.
- Learning within local and national contexts will be assessed using a range of instruments (including reviews of secondary sources; key informant interviews) in order to establish how far good practice developed within projects has spread in sustainable ways.
- Learning within the wider community of development agencies (NGO and government) will be assessed at local and national levels to identify how and how far good practice has spread.

10. Integration of lessons learnt

This covered, in particular, the extent to which skills, strategies and outcomes from programme activities have been incorporated into government practice at the local and central level. It also embraced the extent to which project activities are incorporated into the livelihood strategies of affected populations.

11. Sustainability

This covered both the extent to which changes initiated by the programmes had been sustained in the past, measured by their continuing to function and the likely sustainability of institutions and behavioural changes into the future, judged by training and opportunities of personnel and perceived government and donor financial and political commitments.

12. Capacity and institution building

These questions were intended to elicit evidence of enhanced capacity at the levels of government, community and household both to manage existing resources and develop new skills to access enhanced resources.

3.2 Field studies in practice

It was decided that apart from the more usual interviews with key stakeholders and document review, the study would carry out a beneficiary survey, using both qualitative interviews and quantitative data collection to establish the perceptions and conceptual outlook of those at whom the project was aimed. The SL framework was used to capture changes and trends in rural population livelihood strategies, economic and organisational diversification, vulnerability, and levels of participation in planning and implementation. In the light of the large numbers of potential beneficiaries, especially in Ethiopia and Cambodia, such a survey could not hope to be a statistically valid sample. Moreover, we decided it would be useful to target particular subgroups, notably widows, the marginalised and the poor, rather than conduct a truly random sample. Households – key beneficiaries of the programme activities – were intended to be stratified as far as possible. Stratification was based on classic criteria such as wealth ranking, but also ethnicity and gender composition. This was to allow the patterns of poverty to be drawn out, as well as the structural reasons that lay behind them. The findings can illuminate the interpretations but cannot be a substitute for a properly designed impact study. Nonetheless, the intensive interview process and the follow up on specific questions brought much to the surface that could not have been gleaned from project documents.

In order to pilot this approach, the case studies were sequenced so that Cambodia would be completed before Ethiopia and Zambia began, and the co-ordinator could therefore take part in all three studies to ensure comparability in methods and approach. For Cambodia, a questionnaire was designed that would provide basic locational data, explore knowledge and perceptions of CARERE/Seila while using the key questions that arose from the SL framework outlined above. This questionnaire was translated into Khmer, both for ease of use among enumerators and to explain more effectively our approach to local officials. The questionnaire went through several iterations in both English and Khmer until a final format was reached. We had hoped to use a locally recruited group of enumerators, but the extent of the programme area meant that the team was moving constantly and it proved impossible to recruit suitable personnel sufficiently quickly. As a consequence, the team conducted all the interviews directly, which had its own advantages on the qualitative side, but reduced sample size.

This piloting procedure was very successful in shortening the design phase of surveys in Ethiopia and Zambia. The basic questionnaire was adapted to local conditions, then tested and amended far more quickly than in Cambodia. Moreover, because the fieldwork was focused in two

regions and could be conducted from a centralised base, we were able to recruit enumerators who stayed with the survey throughout. Even so, one or other team always went out with enumerators to ensure the interviews were being conducted as planned and to ask additional questions where this seemed relevant. The consequence was that in both countries we were able to conduct more than double the number of interviews in Cambodia. There is no doubt, however, that the availability of enumerators also reflected economic conditions within the country. Cambodia, with its booming economy is offering employment to the type of university graduates who are commonly used for this type of survey, whereas similar individuals are often under-employed in the corresponding African nations.

Data was entered into a database in the field so that direct numerical results could be quickly presented. This was important because the structure of fieldwork was to present our conclusions together with an early version of the report to an in-country workshop. These pre-completion workshops were designed to:

- familiarise participants with the scope and objectives of the study, including the concepts underpinning the study
- present the main conclusions of the study in a preliminary way in order to obtain feedback
- discuss future directions, both in relation to the projects and more widely concerning the design features of future projects if they are to meet the multiple requirements of:
 - poverty reduction within project areas
 - achieving wider objectives of sustainability, integration, learning etc
 - feeding into new donor processes at national level, such as budgetary support and SWAps.

Workshop participants included project staff, members of national and local governments, NGOs, the private sector, other donors and Sida at national and headquarters levels. In Ethiopia and Zambia these were held at the completion of fieldwork, whereas in Cambodia, the intervention of Christmas postponed it for several weeks. Nonetheless, the potential to circulate a draft version of the report incorporating at least its main conclusions to in-country stakeholders proved essential in formulating the final version. In some cases, the report was further circulated to those unable to attend and the team received comments via email.

In all cases, the surveys went remarkably smoothly, with no major problems either accessing the communities or obtaining responses from bene-

ficiaries. It was occasionally difficult to escape the local perception that we were conducting an impact survey which led to a tendency to try and direct us to individuals known to have a positive view. Moreover, the SL framework is wholly unfamiliar to programme officials, and although we spent some time explaining it in initial interviews, it is remote indeed from everyday realities of project management. In some ways it would have been more effective if the questions we had to ask were more congruent with the internal monitoring strategy of each programme, rather than appearing unheralded. Nonetheless, this too had its advantages, as we were able to elicit unprepared responses. Despite the differences in the programmes, there is a strong argument for more coherence in monitoring strategies across geographical zones, to make more transparent the comparisons implicit in subsequent evaluative studies as this one.

PART 1:
Cambodia Resettlement and
Reintegration Programme
(CAREERE/Seila)

Roger Blench

Executive Summary

Sida commissioned ODI and its partners to conduct a study of poverty alleviation through area development using a sustainable livelihoods framework. Three countries were chosen as case studies: Cambodia, Ethiopia and Zambia. Fieldwork was tested first in Cambodia before being carried out in Ethiopia and Zambia in a broadly comparable way. This is a final report of the Cambodian study carried out between 21 November and 22 December 2001.

The Cambodia Resettlement and Reintegration Programme (CARERE) ran from 1991 to 2000 and has now been replaced by Partnership for Local Governance (PLG). In 1998, a Cambodian Government inter-ministerial task force, Seila, was established and has now taken over most of the institutional functions of CARERE. Seila has attracted other donors in a process which will ensure its continuation until at least 2005.

The goals of CARERE changed over time from managing resettlement and relief to establishing a responsive system of local government in regions where this had effectively broken down. The main mechanisms for this were Village Development Committees (VDC) and Commune Development Committees (CDC) – bodies which manage a participatory planning process. Coverage of communes is being rapidly extended with the goal being to cover most communes by 2005. At the same time, commune elections, which took place in February 2002, are replacing the CDCs and VDCs with party political bodies.

CARERE was established in the provinces of north-west Cambodia, as these were where the greatest problems with resettlement occurred. However, it was also extended to Ratanakiri in the north-east in 1995, where problems revolved more around natural resource management. Together with IDRC, Sida has funded a parallel community-based natural resource management (CBNRM) project there since 1995.

Broadly speaking, CARERE/Seila has been successful in its goal of area development and in institutionalising a more participatory planning process. Years of neglect and conflict made basic infrastructure a key precondition for rebuilding production and trade systems. CARERE/Seila has facilitated the planning and construction of roads, bridges, ponds and canals throughout the communes in which it functions, and these have largely corresponded to the needs of the beneficiaries.

Evidence of economic take-off is to be seen everywhere, driven by the potential to export both labour and produce to neighbouring Thailand.

Two caveats must be entered: overall area development is strongly linked to greater wealth stratification and the advantages of the CAREERE/Seila process are less transparent in Ratanakiri. In the north-west, greater access and cheap land and labour has enabled more active and wealthier households to invest in technology and increase their capital. Households with structural problems or sickness are often compelled to sell their land, thus entering a cycle of impoverishment.

In the north-east, the indigenous non-Khmer minorities, who practise shifting cultivation, are gradually being dispossessed. Uncontrolled migration from the lowlands and imposed timber concessions are shrinking their traditional territories; new roads can actually serve to ease access for settlers and logging, thus playing a role quite different from elsewhere in the CAREERE/Seila domain.

Design considerations for area development

The analysis of the CAREERE/Seila programme suggests the following design considerations for future Area Development Projects:

- Baseline studies are essential not only for understanding impact, particularly for poverty reduction, but also for the course corrections that are part of a process project. The transition from a different programme should not be an excuse to omit the collection of baseline data. This is distinct from learning that occurs as a result of monitoring exercises.
- Area projects should ideally not include economically disparate and geographically disjunct areas because of the different management imperatives and high transaction costs this incurs.
- Area projects are usually sited in regions that are marginal or peripheral in economic and geographical terms. However, the north-west of Cambodia is clearly the country's most dynamic area economically, and this makes disaggregating programme impacts from general development problematic.
- Where there are evident variations in regional socio-political and ethno-demographic structures, approaches *must* be locally adapted both at the level of strategy and analysis of beneficiary response.
- Increased clarity concerning the detail of poverty reduction goals ('beneficiary segmentation') must be built into projects at their inception if a clear result is intended. A conflict between the public goods concept of area development and the likely consequences for the poor

as wealth stratification increases may arise if this is not explicitly recognised in the design.

- In taking account of environmental risk, absence of negative impacts is an inadequate guarantee of effective natural resource management. Area development inevitably increases pressure on the environment indirectly and initial EIA should take this into account.

Chapter 1

CARERE/Seila Case Study

1.1 Introduction

This case study covers fieldwork undertaken in Cambodia by Roger Blench and Khlok Seima between 21 November 2001 and 22 December 2001. It should be read together with Sida's original Terms of Reference and ODI's Inception Report, finalised on 21 December 2001. A preliminary version of this report was presented at a workshop in Phnom Penh, 24–25 January 2002, and the present text has benefited from comments made at that workshop and subsequently in correspondence¹. The principal documents consulted in the course of this study are listed towards the end of this chapter². A summary of the workshop can be found on ODI's website (www.odi.org.uk). Roger Blench also acted as a rapporteur at the REPSI (Resources Policy Support Initiative) workshop held in Göteborg, 25–26 February 2002, and was able to discuss the conclusions with other Swedish researchers working in the South East Asian region. Additional discussion and comments were made at the final workshop in Stockholm on 7 May 2002 and this version has further minor emendations. Theoretical perspectives are summarised below and their application to the Cambodian case study is considered in Section 3.

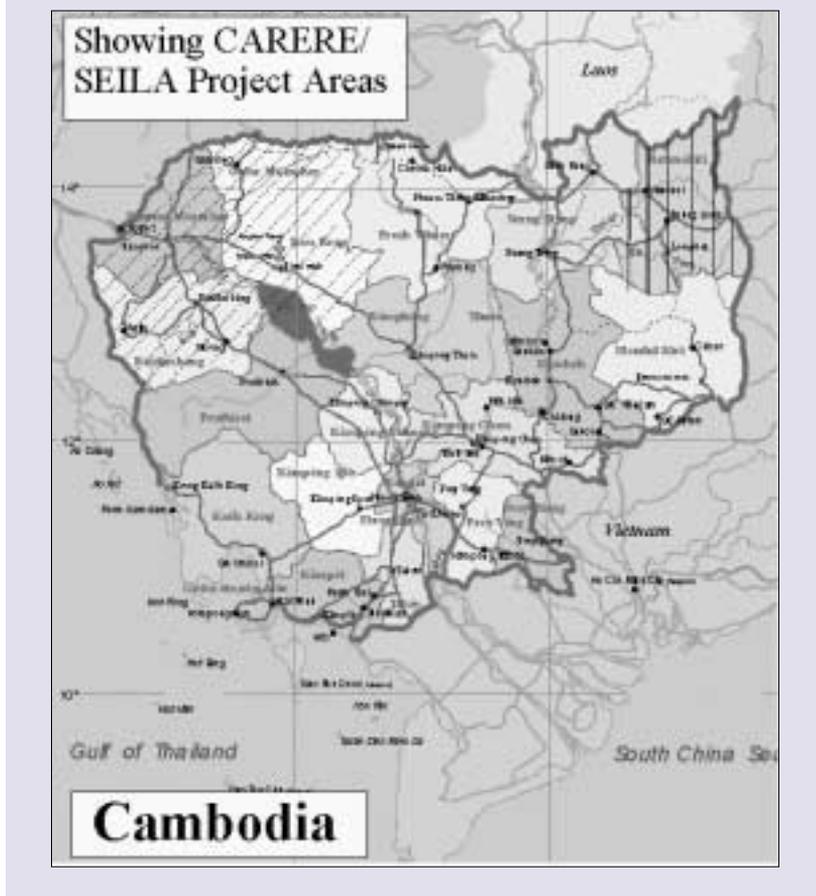
1.2 Description of CARERE/Seila

The Cambodia Resettlement and Reintegration Programme (CARERE) was initiated in 1991. It was managed by UNDP through its operational

¹ I would like to thank all those who both facilitated our workshop and dedicated time to making comments available. In particular, the present version of the report responds to comments from Stefan Molund, Lasse Krantz, Agneta Danielsson, Ratanakiri PRDC, Scott Leiper and Joanne Morrison. I hope I have responded adequately to their concerns.

² Documents were initially copied in Stockholm from Sida files, courtesy of Lasse Krantz. However, Daniel Asplund and Agneta Danielsson for Sida, Scott Leiper and Joanne Morrison for the PLG and Ernesto Bautista of UNDP kindly provided additional documents in Phnom Penh. Pon Lok, the Seila co-ordinator in Sisophon gave a file of recent overheads which summarised up-to-date figures for Banteay Mean Chey, while the PLG staff in Pailin provided recent briefing documents on municipality. In Banlung, Pol Sanrith kindly made available a CD with all the research documents that have been prepared for CARERE/Seila in Ratanakiri and Gordon Patterson of NTFP, an NGO operating in Ratanakiri, allowed us to copy a series of research reports on natural resource issues. The ODI team is grateful to all these individuals for their time and interest in the study. At the REPSI workshop in Göteborg, 25–26 February 2002, preliminary REPSI reports were made available and there was a chance to discuss some of the conclusions of the report with some of those present.

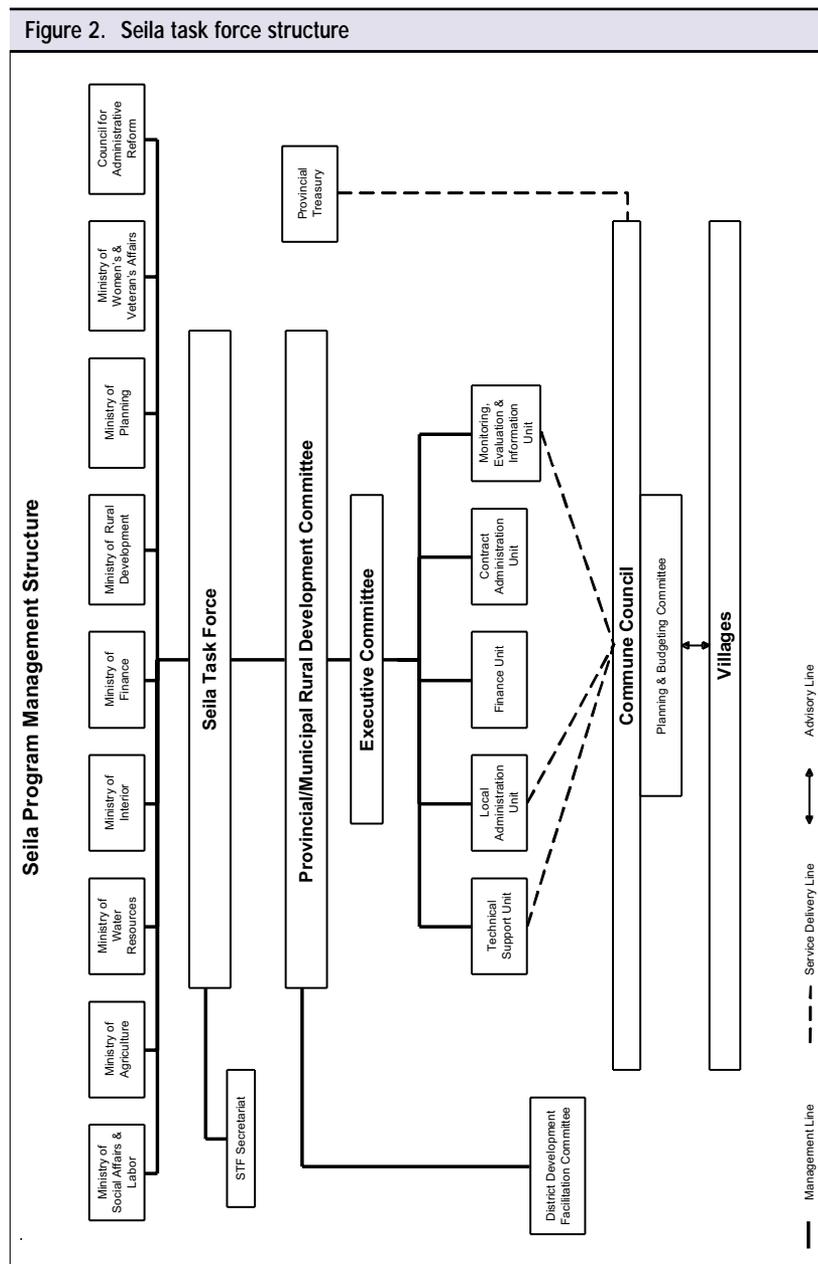
Figure 1. Cambodia, showing project areas



arm, UNOPS, as a relief and rehabilitation project in Cambodia, at that time recovering from the prolonged insurgency of Khmer Rouge elements. It was sited in areas of the north-west where returning refugees/ displaced persons were being settled and were thus virtually lacking in government infrastructure. Phase I encompassed three (later four) provinces in the north-west surrounding Siem Reap, with one province in the north-east, Ratanakiri, added in 1995. Figure 1 shows the provinces surveyed for this study.

The Royal Khmer Government created the inter-ministerial task force, Seila, as a counterpart to CARERE II, although Seila only became effective in 1998. However, by the time a completion report on CARERE II was circulated, the goal had become 'alleviation of poverty and the spread of peace' (UNDP/UNOPS 2001). Technically speaking, CARERE II has

now concluded and has been replaced by the Partnership for Local Government (PLG) which is managed through UNDP but situated within Seila. The role of PLG is as a donor-funded support project to the larger nationally-executed Seila programme which began in 2001. Figure 2 shows the most recent organogram of the Seila task force:



CARERE II, initiated in 1996 and described as ‘an experiment in decentralised planning and financing of participatory rural development’, was a radical break in design, activities and goals in comparison to CARERE I. The methods were adapted from a previous project in South America, PRODERE, and used the protocols of the UN Capital Development Fund (UNCDF). Local Development Funds (LDF) were provided to designated communes and the structure of Village Development Councils (VDC) and Commune Development Councils (CDC) created by the Ministry of Rural Development (MRD) was employed to develop local planning capacity using participatory methodologies.

The key strategy was to make available funds for development that could be disbursed for a wide variety of purposes, premised on the preparation of a local planning document at the commune level. The underlying goal was to build capacity at the local level, on the assumption that local planning would deliver the most appropriate infrastructure and services. Village priorities were evolved at public meetings and written up by the VDC, which submitted them to the CDC. The CDC drew up a Commune Investment Plan designed to merge the village proposals. These proposals were initially almost always infrastructure, roads, bridges, canals etc, but where CARERE/Seila has become well-established they have gradually shifted to less tangible goods, such as support to agriculture and training. The plans as a whole were considered by the Provincial Rural Development Committee (PRDC) and then approved work given out to tender to local contractors. This has had an important impact in developing the tendering and approval process, as well as building up *private-sector* capacity. Moreover, the CAREERE/Seila offices have had an important role in facilitating rather less tangible developments, in particular training courses and workshops, on such topics as gender and democracy. In addition to the LDFs, there were the relatively small-scale Provincial Investment Funds (allocated against a Provincial Investment Plan) and National Sector Programmes (loans and grants forwarded through international financial institutions). Ratanakiri, exceptionally, was intended to develop community-based natural resource management (CBNRM) methodologies to deal with the rather different agronomic and environmental conditions of the north-east.

The main objectives of CAREERE II were to:

- Establish decentralised government systems that plan, finance and manage development
- Create a secure environment conducive to reconciliation between government and communities
- Assist government and non-government entities in providing essential basic services
- Inform national policy on the CAREERE/Seila approach.

In practice, this has involved working at all levels of government, setting up administrative and financial systems and monitoring their implementation. Seila presently covers 506 communes out of a national total of 1621. Expansion to a further 17 provinces is under way, and it is hoped that the system will go nationwide by 2005, although this would require a very optimistic rate of expansion. Table 1 shows coverage projected by the end of 2002.

| Unit | Coverage | % |
|-------------|-----------------|----------|
| Province | 17 of 24 | 71 |
| District | 91 of 285 | 50 |
| Commune | 506 of 1621 | 31 |
| Village | 4,362 of 13,226 | 33 |
| Population | 3.6 of 9.7 (m) | 38 |

Source: Seila (2001)

However, government has made a commitment to make available local capital funds from its overall budget to 2005. The commune elections held in February 2002 imply important structural changes to Seila, the exact significance of which is yet to become clear.

It should be emphasised that CARERE II/PLG and later Seila has always retained its experimental aspect – to try things which other, more conventional, aid projects left untouched. Moreover, it had an unusually explicit political aim, engaging with pro-democracy activities and building up civil society in a post-conflict situation. In part, this was because in its initial phase CARERE had no functional counterpart within the Cambodian Government and worked directly with the provincial authorities. This was only possible within the restricted frame of the Cambodian situation and, from this perspective, the later evolution of Seila is undoubtedly the single most important success of CARERE II.

For Cambodia, evaluations and studies are abundant, and several evaluations have been undertaken both of CARERE and of specific aspects of Seila partly because these are UN-managed projects with multiple donors. The completion report on CARERE II rated this project ‘highly satisfactory’ in almost every category (UNDP/UNOPS 2001). To summarise a very large literature, the most satisfactory element of CARERE/Seila is the planning and execution of infrastructure projects. Less satisfactory are the monitoring and evaluation of those projects, in particular the ability to make good defective institution. More variable is the impact of training and the spread of participatory approaches, with success in some communes and less elsewhere. However, this is to be ex-

pected – anything with such a strong human and subjective element will produce variable results.

Contributions to core funds have been principally Sida and UNDP, with DFID about to make a significant input. Other donors, such as UNICEF, make use of the Seila system to allocate funds. The system of LDFs was extensively evaluated in 2000 with highly positive conclusions (Intech Associates 2001). The World Bank is completing preparations for a loan of some \$20 million for an RILG (Rural Infrastructure and Local Governance) programme, using this system. Danida is intending to finance a four-year project focusing on natural resource management and on environmental impact assessment (EIA) guidelines for commune and province. In addition, Sida is co-funding REPSI, a regional policy research programme in South East Asia under the leadership of the World Resources Institute (WRI) in Washington, in collaboration with the Stockholm Environmental Institute (SEI). One component of the programme is research on decentralisation and natural resource management in Ratanakiri Province as a case study (Öjendal et al 2001).

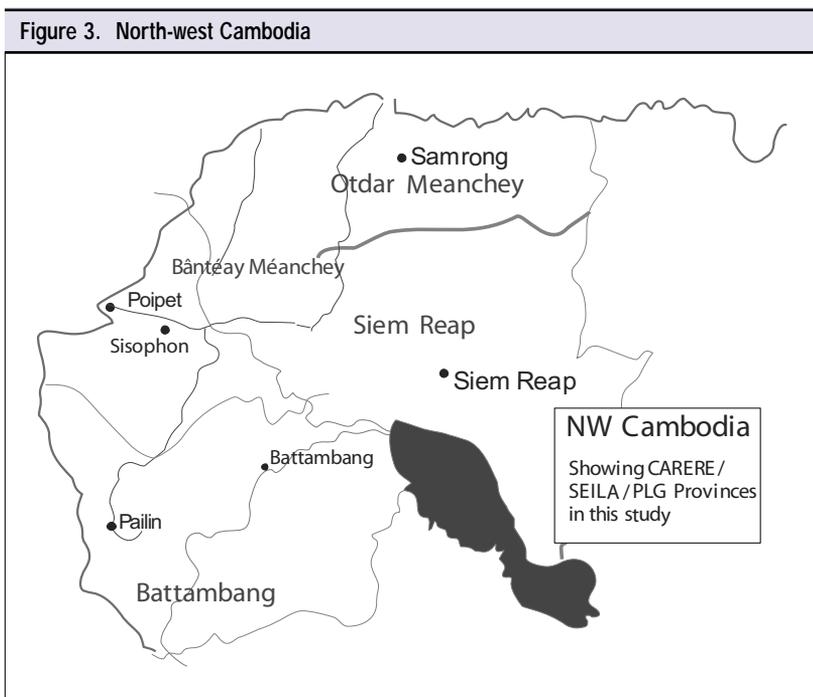
1.3 Field methods

To maximise information relevant to the main issues highlighted in the Terms of Reference, visits were made to the five provinces where CAREERE/Seila has been active for longest: the four provinces in the north-west, Pailin Municipality and Ratanakiri. The strategy was to combine detailed qualitative stakeholder interviews with a survey of beneficiaries intended to have a quantitative element.

Following discussions with officials in Phnom Penh, systematic coverage was made of CAREERE/Seila officials in the provincial offices. Each office supplied a map of the communes showing the year in which CAREERE/Seila became active and the team tried to visit a geographically dispersed sample, combining communes introduced to CAREERE/Seila in the early period and those where CAREERE/Seila is more recent. By radioing ahead, the team was usually able to meet the commune leaders, after which villages were selected from the commune and a sample were visited. After initial contact with the VDC sample beneficiary interviews in households were conducted for the survey, unaccompanied by VDC members so as to get as unbiased a sample of local views as possible. The household interviews were partly targeted: while some were randomly chosen, the team tried to ensure that landless and women-headed households were included, and for this they had to be directed. Overall, some 49 individual beneficiaries were interviewed, and the results of the survey are reported in the text. Refusals to be interviewed were rare – there were only two in the course of the survey. Aside from the official CAREERE/

Seila structure, interviews were conducted with other individuals, such as traders and owners of small enterprises, to determine the climate for *private-sector* operators. On return to Phnom Penh we revisited Seila/PLG and Sida to discuss preliminary impressions of the survey.

Generally speaking, the team had the impression that interviewees in Cambodia answered as honestly as possible, without trying to second-guess the interviewer – very much in contrast to Ethiopia and Zambia. Moreover, the ‘household’ nature of the interviews led to interventions by a wide variety of those present, ensuring greater accuracy and representativeness than a one-on-one discussion. The main concern is that 49 interviews cannot be seen as a large enough sample for the hundreds of thousands of households in the CAREERE/Seila areas. The results should therefore be interpreted as indicative only. Nonetheless, the intensive nature of the interviews, all of which were conducted by the team themselves, contributed directly to the understanding of social and economic processes in the survey area.



Chapter 2

The Cambodian Context

2.1 Recent history

Cambodia suffered severe civil disruption from the 1970s until the end of the 1990s. The disastrous era of Khmer Rouge Government was brought to an end in 1979 by an invasion from Vietnam, which in turn sparked a prolonged insurgency in the entire north-western region by the Khmer Rouge or their successors. With the departure of the Vietnamese in 1990, Cambodia was effectively run by the United Nations, through the UNTAC force. It was during this period that CAREERE I was conceived to begin the process of re-establishing civil government and developing strategies for the repatriation and resettlement of the numerous refugees who had spent long years in camps along the Thai border. CAREERE I thus focused particularly on former Khmer Rouge areas.

The UNTAC era ended in 1993, and Cambodia returned to constitutional monarchy. The second phase of CAREERE, which began in 1996, placed greater emphasis on rebuilding local government using participatory approaches. However, internal political tensions led to renewed fighting in Phnom Penh in July 1997, and this was reproduced in the provinces, leading to insecurity as late as mid-1998. Subsequent banditry continued into 1999 and was finally reduced to minimal levels by the end of that year.

This has seriously affected the situation in ways which are unparalleled in Area Development Projects (ADPs) elsewhere in the world. Continuing insecurity made farmers unwilling to invest in their land until recently. Even now, the widespread presence of mines is a major inhibiting factor, especially in Otdar Mean Chey Province. Equally important was the virtual absence of government structures and the need to rebuild them from the ground up. This has generally been positive, since the institutional resistance typical of established bureaucracies has been much less of a barrier than is usual. At the same time, Cambodia has been the subject of intense donor attention – all types of international agency and NGO operate there, not always entirely in co-ordination with one another.

Analytically, part of the challenge in studying the structural elements of area development is to discriminate between the effects of broader socio-political change and the interventions brought about by the project itself. While CAREERE/Seila has been in progress, Cambodia has turned from a country recovering from Vietnamese military rule lacking basic infra-

structure and government institutions, and still plagued by insecurity in the border areas, into an independent state that broadly functions, despite a high degree of donor dependence. In rural areas, key social structural units had become highly fragmented, with refugee camps in Thailand and the wholesale movements of population under the Khmer Rouge. A decade later, underlying community support structures such as the household and the pagoda are being rebuilt and some decentralised decision-making is now in place. Weapons reduction programmes have almost eliminated insecurity in rural areas and a whole series of reconciliation measures have finally brought the last fractious elements into the national government. Compromises, such as the creation of Pailin Municipality as a fiefdom for ex-Khmer Rouge, are less than ideal, but the desire for stability seems finally to have won out against continuous conflict.

Nonetheless, it is clear that a significant amount of change can be attributed directly to CAREERE/Seila interventions. At the most basic level, if the infrastructure had not been renewed, many populations would have remained cut off and isolated, unable both to take advantage of new economic opportunities and to access reconstructive services, such as de-mining and rebuilding of infrastructure including clinics and schools. At a broader level, CAREERE/Seila has reinforced concepts of local democracy and rebuilt confidence at the local level in a highly visible way. CAREERE/Seila officials have been involved formally and informally in a great variety of reconciliation activities, and this has had a clear and measurable impact on both personal security and investment in new enterprises.

2.2 Demography and population composition

The population of Cambodia is some 11 million, the great majority of which is a single ethnic group: the Khmer. Khmer is the official language of government and almost all documentation is prepared in Khmer, although in donor-driven projects many documents are also in English. However, in two provinces – Ratanakiri and Monduliri – the dominant populations are minority groups, known as *chunchiet* in Khmer, who speak different languages and have very different social organisation (see Appendix 2 for a complete listing of minority groups in Cambodia).

Khmer society is relatively homogeneous, based around lowland rice cultivation, and most villages consist of small networks of inter-related families. However, the disruption since the 1970s, the vast numbers of people who spent many years in Thai camps, together with the demobilisation of soldiers from many factions has led to a breakdown of social networks in rural areas. This is most visible in the border town of Poipet, a non-CAREERE/Seila commune in Bantar Mean Chey Province, densely settled and a focus for all types of trade – legal and illegal – as well as a magnet for rootless households who live in slums throughout the commune.

Resettlement camps, land grants to soldiers and land seizures by powerful interests have created a lack of cohesion in some regions that has inhibited the rebuilding of more standard community mechanisms.

Some populations, where good agricultural land is scarce, have taken advantage of the tenurial chaos to move into new regions, often opened up by intensive logging operations and their associated roads. Thus Ratanakiri has seen extensive migration both of Khmer villagers from central provinces such as Kampong Cham, and Lao from various areas. At the same time southerners have moved to the Cardamom mountains in Battambang. To put this into perspective, the population of Ratanakiri at the beginning of the 1990s was estimated at 50,000, of which some 85% was minority ethnic. The population is now estimated at 100,000, of which less than 50% are from minorities (Anon. 2001)³. In other words, within a decade the non-Khmer groups have become a minority in their own land. Whatever democratic processes are now instituted, the power lies in the hands of Khmer-speaking outsiders whose interests certainly do not coincide with those of the indigenous populations, especially in the area of land law. Almost all these migrations have been at the expense of the minorities who have neither the organisation nor appropriate legal backing to mount an effective challenge.

2.3 Agricultural economy

Cambodia is a relatively sparsely populated country located between two nations – Thailand and Vietnam – with much larger populations and economies, as well as many more years of stability. Thai products dominate small markets in Cambodia and much of the north-west uses the Thai *baht* as its currency rather than the Cambodian *riel*⁴. Both Vietnam and Thailand have converted their rural areas to high-input rice production zones and have been very successful as exporters on the world market. Much of Cambodia's rice is still rain-fed, flood-dependent, single-cropped rice with limited use of pesticides and fertiliser. The positive side of this is that the rice fields support a high density of aquatic fauna, providing much of the protein eaten in rural areas and thereby maintaining a high nutritional plane. However, the lack of flood control is now proving problematic as accelerating deforestation further north causes increased flooding and in some areas is reversing the trend towards greater food security. The trend throughout the basin of the Tonle Sap system is to construct evermore elaborate systems of water control through canals and floodgates – a trend in which CAREERE/Seila funding has played a significant part.

³ This analysis is somewhat controversial and depends on whether Lao and Chinese are counted as 'indigenous' and how long ago settlement was to qualify for this label. The PRDC, for example, estimates that 69% of the population is indigenous.

⁴ Cambodia has a 'dollarised' economy where dollars are the main medium of exchange, with *riel* only used for small amounts. The Thai *baht* is the dominant currency in much of the north-west.

Chapter 3

SL Analysis

To answer the key questions concerning the sustainability of CAREERE/Seila, as well as giving insights into learning and capacity building, Sida requested that SL analysis be used. Sustainable livelihoods analysis tries to move away from stereotyping rural dwellers as agricultural producers and presents a more rounded image of the diverse sources of income they can access, as well as the risks and choices they face in broadening their options in this way. In particular, the poor are now seen as producers, labourers and consumers rather than merely passive victims of a process of impoverishment. The study therefore used the SL framework set out briefly in Section 1.3 to explore the pattern of changing livelihood options in the CAREERE/Seila communes, and the extent to which these could be attributed to the introduction of innovative local-level processes initiated by CAREERE/Seila.

3.1 Livelihoods portfolio/diversification

One effect of the political disruption from the Khmer Rouge era onwards was to focus most rural populations on agriculture ('own-account production'), simply because most commercial activities were either banned or impossible in the broken-down state of the infrastructure – simply getting enough to eat was a major priority. As peace and reconciliation took hold during the 1990s, more possibilities of non-agricultural income generation have developed. The most crucial of these are:

- Labour migration, international, interprovincial and local
- Cash crop production
- Trading
- Gathering (notably edible insects)
- Transport, driving, mechanical workshops
- Rice milling
- Quarrying
- Battery shops⁵.

⁵ One of the key changes in recent times has been widespread introduction of television in rural areas. CAREERE/Seila has indirectly enabled more rural households to watch Thai game shows, soap operas and karaoke channels at all hours. Battery shops are houses in villages where generators are used to charge car batteries to enable televisions to function in villages without electricity.

Apart from this official list, some illegal activities clearly contribute to rural incomes – notably timber sales, gemstone mining and drug production. For obvious reasons, their significance is difficult to estimate. However, most of those interviewed concluded that they were declining in economic importance, partly due to the exhaustion of the resource but also because of the increasing penetration of civil order in previously anarchic areas.

Another interesting indication is the number of village interviewees who did *not* assert farming as their main profession. Table 2 shows the principal profession of those surveyed:

| Profession | No. | % |
|-------------------|------------|----------|
| Basket maker | 3 | 6.1 |
| Driver | 1 | 2.0 |
| Farmer | 40 | 81.6 |
| Motor taxi | 1 | 2.0 |
| Palm wine tapper | 1 | 2.0 |
| Quarrying | 2 | 4.1 |
| Shopkeeper | 1 | 2.0 |

These all suggest that non-farm activities have rapidly become economically viable even in remote rural areas – a striking contrast to Ethiopia and Zambia. Proximity to Thailand is crucial to much of this renewed activity: migration is usually to Thailand, cash crops and insects are sold to Thai buyers, key traded consumer goods such as sweetened drinks, motorbikes and rice mills come from Thailand. Provinces bordering the much poorer Laos and Vietnam are visibly less influenced by their neighbours.

Labour migration is a very significant household strategy in Cambodia, except for the minority areas. Generally speaking, minorities have not engaged in anything other than day labour in nearby communes. However, among the mainstream Khmer population, many types of migration occur. The most important of these are:

- Long-term migration to Thailand, especially to work in the construction industry and in farms, particularly during the harvest period
- Migration to border areas of Cambodia to work on Thai-driven enterprises, most importantly: lifting and carrying in Poipet and work on farms along the border, especially north of Poipet
- Migration to the Tonle Sap lake to work for the large fishing boats.

Although there is much literature on the garment factories near Phnom Penh and indeed migration for prostitution, this was barely mentioned by those interviewed, suggesting that it was a much less attractive proposition than is often suggested.

Migration in Ratanakiri is at such low levels that it was difficult to register any change. However, elsewhere, almost all interviewees agreed that migration was much reduced or had switched from long term to counter-season; in other words, people worked outside when they were not tending their rice farms. Even this type of migration is likely to decline as rice increasingly switches from natural flooding to irrigated systems that require management throughout the year. The major exception to this was in the regions west of the Tonle Sap where increased flooding had destroyed the rice farms and forced an increase in labour migration.

Peace, economic stability and improved access have all combined to create a much more attractive climate for investment in production in rural areas and migration is switching from a crucial household strategy to a reserve strategy, brought into focus in times of temporary vulnerability. An issue to consider, however, is whether increased wealth stratification has forced poorer and landless households to uproot and live permanently in marginal areas like Poipet. NGOs working in Poipet report a constant flow of new migrants to work in its constantly expanding industries. So it may be that the increases in wealth in some areas also reflect the dispossession of lowest-level households who simply leave the area. For this reason, it would have been extremely useful if baseline studies of income, landholding and profession had been conducted in CARERE/Seila communes as the LDFs came on-stream. In part, their absence reflects the very differing stereotypes about the ultimate goal of CARERE/Seila. From outside, the key elements are the peace and reconciliation process with economic development as ancillary; from the rural areas, this type of economic development has been the primary visible impact of CARERE/Seila.

3.2 Vulnerability

One of the key emphases of the rural livelihoods approach is on reduced vulnerability at the level of both the household and the individual. Vulnerability can be in terms of food security, climatic variability, threats of violence and civil disarray, and drains on household resources through long-term sickness.

3.2.1 Personal security

CARERE was established in 1991 to deal with post-conflict reintegration and resettlement issues. However, conflict continued for much of the

1990s. Individual villages were asked to estimate the final date for the establishment of peace, and this could be as late as 1999. Khmer Rouge continued to operate up to 1996, and the conflict in Phnom Penh in 1997 was followed by spillover insecurity in many parts of the north-west. These divisions are now symbolised by the opposed political party offices usually facing one another along the main street of almost all villages, but generally, actual conflict has ceased.

In addition, after the political conflict, demobilised soldiery and the widespread access to weapons led to an epidemic of banditry and highway robbery in rural areas. The government's Weapons Reduction Programme, initiated in 1999, was praised as being successful in removing guns from rural areas. Although the police system is widely criticised in Phnom Penh, it was often cited in village interviews as an important reason for crime reduction in rural areas⁶. Khmer society has powerful cohesive structures underlying it, based around household solidarity and the pagoda underwriting a common ideology. Given a few years to re-establish themselves, they are proving major elements in making life secure in rural areas.

3.2.2 Land mines and access to de-mined land

An unwanted heritage of the years of conflict is the widespread presence of land mines in many areas of north-west Cambodia. Although conventionally attributed to the Khmer Rouge era, it seems mines were being laid as late as the 1990s and indeed British Special Forces were training Khmer Rouge factions in mine-laying techniques in Malaysia in the 1980s. Mines make agricultural land unusable, create high rates of disablement and destroy key domestic animals such as buffalo. They also foster a climate of insecurity that deters investment in improved productivity.

Cambodia is the focus of intense de-mining activity. Halotrust and MAG are active in the CAREERE/Seila areas and although much has been achieved, it will take many years to de-mine the region completely. Importantly, of course, de-mined land has considerable value, and it has therefore become the subject of controversy. In some cases, especially in Battambang, controversial land claims by outsiders for de-mined land were considered valid. This led to the establishment of committees to conduct land use planning and now most areas have a Land Use Planning Unit (LUPU) and a Land Use Management Unit (LUMU). The LUPU cover land-use planning and management both on mined land and uncontaminated land, on condition that the land is used for the resettlement

⁶ Some readers expressed scepticism about this, but it was frequently cited in the remote communes in the north-east. It could be argued that the correlation between civil order and the presence of police is spurious, but perception is that the two are related.

of the original population. The LUMU cover technical assistance to international agencies regarding the provision of maps, the distribution of temporary land certificates (Confirmation of Land Title), inventories of district land use and environmental impact studies. The land-titling component of LUMU's work is part of the Seila programme that was supported by CAREERE. Banteay Meanchey PSC targeted the distribution of temporary land certificates to 60 repopulated villages, as well as new resettlements. Once applications for land title have been completed – the first step in the official procedure for land titling – certificates are distributed through the district authorities. Villages are selected through the District Working Group meetings.

This is generally considered an improvement on the previous anarchic situation, although some de-mining groups, notably Halotrust, have been wary about participating on the grounds that the eventual land use is not their responsibility. The transparent management of the LUPU will however constitute a major test of the effectiveness of local governance in the post-election period, especially as de-mined land will increase further in value.

3.2.3 Food security

Khmer society is famous for its ancient irrigation works, first described seven centuries ago, which made possible the support of a large population in the Angkor kingdoms (Chou Ta-Kuan 1300). Years of conflict, an absence of inputs and a breakdown of irrigation systems left rural Cambodia with little food security. Early period development strategies involved extensive food aid and food-for-work programmes. As attention switched to rehabilitation of infrastructure in the mid-1990s, these strategies are gradually being phased out, although the WFP/ILO remains important in some areas. However, as both rice and horticultural production are expanding, inputs are more freely available, and irrigation canals, water gates and other control devices are being built or refurbished, agricultural output is everywhere on the increase. As a consequence, almost all those interviewed thought that food security was improving year on year. A striking feature of the CAREERE/Seila area is the speed at which local populations take advantage of reduced risk. As food and personal security improve and the risks to returns on financial outlay reduce, investment in new products and processes has been extremely rapid. This has the advantage of quickly attracting new external investment, in contrast to Ethiopia.

There are two exceptions: areas where rice fields have been flooded by high waters on the Tonle Sap system, and some households in Ratanakiri which depend on forest and riverine products (see the detailed discussion of food security issues in Öjendal et al 2001). Both the Tonle Sap and the Mekong rivers now flood regularly as a consequence of extensive and

unregulated logging upstream, swamping uncontrolled paddy fields. The exact responsibility for ecologically inappropriate logging has been much debated, especially as Laos is also involved. However, there is little doubt that if remediation processes are *not* set in motion, the flooding will simply become more prevalent, making some households effectively landless and further increasing wealth stratification. This would thereby call into question the sustainability of economic growth in the CARERE/Seila areas.

3.3 Access to types of capital and income proxies

In the classic SL model, the determinants of an individual's or a household's vulnerability are their relative access to different types of capital – financial, social, natural etc. The conversion of surpluses into financial capital and its expenditure on a typical range of priority goods provides a useful tool for analysing both increases in absolute wealth and wealth stratification. In the light of this, interviewees were asked about income proxies, that is, their priorities for spending if their income were to increase. Similarly, the provision of rural credit is essential for growth in certain economic settings; the availability of credit was thus investigated.

3.3.1 Social capital

As in all societies with a recent history of large-scale communal violence, it is pertinent to enquire into the nature of the underlying social capital⁷. From the outside, Cambodian villages all support institutions that imply high levels of co-operation, such as the pagoda committees. Yet even remote rural areas have been undermined by recruitment to violent factions since the 1970s, and levels of interpersonal violence appear to be quite high. There is some evidence that the village (*phum*) is largely a colonial creation (for example, Delvert 1961); certainly the chief is a figure of only very weak authority. One aspect of the Khmer Rouge era was the attempt to break down household individualism through collective work while challenging traditional age hierarchies and marriage patterns. By comparison with the extended households described in Ebihara (1968), present-day units resemble much more closely the nuclear family. Ovesen et al (1996) entitled their study *When Every Household is an Island*, which tries to capture something of the individualism that characterises village social structure. It is also a significant comment on the strategies of development that the promotion of the village by both government and

⁷ One of the remarkable features of sociological research in Cambodia is the absence of recent literature, despite the exceptional flow of resources into Cambodia since 1990. Eastmond et al (2001) or the PAG comment on this lacuna and the implications it has for the evaluation of rural development interventions.

NGOs has carried on the policies of the colonial era, with no reference to the anthropological literature.

The Cambodian kinship system is usually described by anthropologists as matrifocal – the wife is the centre of the household and has a responsibility to provide for the family (for example, Népote 1992; Ovesen et al 1996). According to the survey, mean household size came out at 6.45 excluding those away on labour migration. The residence system is uxorilocal in that a newly married couple lives with or close to the bride's parents. The practical consequence for inheritance is that sons and daughters have equal rights in property. Indeed, because daughters live close to their parents they traditionally inherit the greater part of the rice fields. Women and men engage in agricultural labour together and also share trading strategies, with women typically tending market stalls while men move about networking.

This has important consequences for our understanding of the female-headed household so popular with development practitioners. Widows that are relatively wealthy in rice land and have a supportive family can maintain their household in the absence of a husband and are not socially excluded. During surveys, the tendency is to direct outsiders to these households. However, single, abandoned or divorced women are excluded and often omitted from surveys. In the north-west, such widows interviewed by the survey were often returnees who had been allocated marginal land at the edge of the village. Ovesen et al (1996) suggest these households might constitute as much as one-third of a given village; to judge by the present study, this is an exaggeratedly high proportion. But it is clear that village society has considerable resilience and strong tendencies towards re-incorporation. In many interviews, especially in Battambang, it was emphasised that such 'part-time widows' (*memei pdei leng*) had either remarried or had moved back to the resettlement sites on the border, where social fragmentation makes their ambivalent status easier to accept.

Pagoda committees and their role in the community

In many cases, Cambodian villages already have in place a democratically-elected public committee that is entrusted with public funds. The pagoda, or Buddhist temple, is a central feature of community life throughout most of the country, and despite much-quoted lapses, Buddhist monks are generally considered honest. The committees used to be entirely monastic, but now they include lay members of the community. Elections are held publicly⁸ and have a very high female turnout. The committees are

⁸ They may be broadcast on a loudspeaker at maximum volume to ensure that the process is as transparent as possible.

often responsible for decisions about schools and the spending of community funds, for example, those collected through alms-giving or donated through remittances from overseas Cambodians.

A local and obviously participatory mechanism such as this might seem to be a suitable vehicle for the type of local planning that CAREERE/Seila is intended to encourage. However, from a rational, humanist stance, it is difficult to approve of institutions that might spend money on gilding a seven-headed snake, no matter how much the community favours this; hence CAREERE/Seila's requirement that the parallel but separate VDC/CDC system be established. Nonetheless, failure to use the pagoda committees may eventually prove problematic, as competing committees multiply. Biddulph (2001) noted that the use of Buddhist monks as Seila advisers was widely supported by villagers during his interviews.

3.3.2 Income proxies

In a relatively homogeneous rural society, income proxies are usually very similar from one household to another. Interestingly, those cited during the survey tended to be concrete and individual. Although education and health are considered important in other contexts, they are considered the responsibility of the state and not something to be influenced by individual spending – a view that is not held in towns. The hierarchy of income proxies is roughly as follows:

- House improvements (roof, plank walls, concrete house posts etc)
- Transport (cart, bicycle, motorbike, *kuyong*)
- Rice mill, rice sorter
- Television, other entertainment systems.

It should be noted that giving money to the pagoda and thereby earning merit is also visibly a high priority, except in Ratanakiri. However, this varies greatly from one household to another and is not laid out in single large expenditures, so it was not cited.

3.3.3 Credit

Credit in Cambodia is traditionally available either within the family (where loans are given interest free) or from market moneylenders (where interest rates can be up to 20% per month). Pre-harvest agreements are also common, where merchants advance agricultural inputs in exchange for an agreed share of the harvest or a fixed number of bags of rice.

The arrival of more stable economic conditions has permitted both NGOs and parastatal organisations to operate in some rural areas. The most prominent bank giving credit in rural areas is ACLEDA. Such or-

ganisations give much lower interest rates than moneylenders⁹, but attach conditions that individual borrowers find irksome. NGOs, for example, typically demand that the loan is made to a group, whereas the rural banks demand proof of land title as collateral. This condition can sometimes lead to the impoverishment of borrowers, since failure to repay means loss of land. Banks are naturally also very strict on repayment schedules, and in some cases, households are forced to borrow from moneylenders to pay the banks. Despite their high rates of interest, loans from moneylenders are more flexible than external bodies and remain the avenue of choice for most rural people. In addition, the dollar economy and the competing rates offered by NGOs have generally brought down moneylenders' rates in the last few years. However, moneylenders, despite their high rates, are able to respond more directly to individual circumstances and do not make conditions that are externally driven. As a consequence, they are still dominant in supplying rural credit. The survey confirmed that credit was seen as much more readily available to rural households (Table 3):

| Access | No. |
|----------------|------------|
| More difficult | 5 |
| No answer | 5 |
| Same | 13 |
| Easier | 26 |

Another interesting confirmation of the perception of increased social stability is the evolution of rotating credit associations. These can be found all over the world where monetarisation is incipient and they represent a method of accumulating capital while circumnavigating the importunate demands of family members. Several times it was reported that this was the main source of rural credit for individuals and households.

In Ratanakiri, most people have little or no experience of credit and the absence of rural institutions has meant that they are unable to borrow, for example, in the case of sickness. Responses on credit availability here were thus not always well-informed.

⁹ The banks quote figures of ca 30% for the agricultural year, given here as 10 months. The NGOs, such as Concern, offer rates of 3% per month.

3.4 Resource flows

3.4.1 Goods and services

The most visible impact of increased access is the flow of goods and services in and out of the rural areas. Migration has been discussed separately above, and it remains an important recourse for impoverished households or those suffering temporary setbacks, for example, when the rice fields are flooded. However, nearly every interviewee agreed that migration is decreasing overall, indicating that enterprise within Cambodia is becoming more profitable.

The other indicator of increased production in rural areas is the new products under exportation. Interviewees were asked about the contrast with five years ago in terms of products going out of the village and new items coming in. A sample of the most important exports includes:

- Citrus and other fruits
- Surplus rice and other staples such as beans, bananas
- Edible insects
- Livestock (especially pigs)
- Baskets, knives, bags
- Quarry stones
- Firewood.

Most are fed into Cambodian markets, except for communes near the Thai border where cross-border trade predominates. Also in the last five years new products are reaching the villages. The most commonly cited are:

- Motorbikes, bicycles
- Television, radio, CD etc
- Rice mills, generators and pumps
- PA systems.

Although not mentioned, it is clear that cheap packaged foods and drinks from Thailand are also changing village diet, and every settlement now has a small shop selling these products offering extra nutritional value. All of this indicates that commerce is being rapidly rebuilt and that a free flow of goods and services has been re-established remarkably quickly.

3.4.2 Access/road construction

An ambiguous impact

Road building is probably the single most important achievement of CAREERE/Seila from the perspective of the villages and communes, no matter what narratives are constructed for it at other levels¹⁰. This is due in part to the geography of Cambodia, in that most of the rice-growing areas are in low-lying flood plains. Historically, many villages were cut off for most of the year or were accessible only by boat or ox cart. This made the economically viable export of crops virtually impossible and information flows from the larger world very erratic. So the construction of rural feeder roads and associated bridges has radically altered the rural economy; traders and buyers can come in at all seasons and goods can flow out. Such a situation makes investment in rural transport viable and encourages entrepreneurial activity. However, it also depends on a complex and interdependent network of public goods. Unlike drier areas, the collapse of a single bridge can cut off a whole region because the water makes driving impossible. The motivation to maintain this type of infrastructure is therefore much greater than, for example, in the savannas of Africa. It also exposes the links between the national and local systems. Interprovincial roads are the responsibility of the national government and they are much more vulnerable to the depredations of large trucks. If a single major road is cut, it effectively makes a whole network of feeder roads unusable. The notion that pressure needs to be applied at higher level and that users bear some responsibility for the damage to roads is very new in rural areas and is only just beginning to be accepted.

Ratanakiri, as usual, constitutes an important exception (Van den Berg & Palith 2000). The motivation for constructing roads is much more mixed: roads are significant for access by timber concessions, although the outlines of the concessions were drawn up without regard to roads and many were cancelled in 1998. If their access costs can be passed on to publicly-financed institutions, their operations are significantly more profitable. At present, timber extraction is officially halted, so the timber trucks pass at night on the grounds that they will be less visible. However, the damage they do to major roads is so extreme as to make them nearly impassable in places. Ironically, the general impact of infrastructure development in Cambodia is to upgrade ox-cart tracks into rural roads, but in Ratanakiri, highway development usually converts existing roads back into cart tracks.

¹⁰ Section 3.1 mentions the achievements of CAREERE/Seila as perceived from Phnom Penh in terms of peace and reconciliation, capacity building and evolution of participatory planning processes. These achievements are very real, but they are intangible at the village level, or at least not associated with CAREERE/Seila.

Road building has also affected Ratanakiri by providing access for outside settlers. Ideally, rural feeder roads provide the means for goods to flow from villages to the market and for outside products to enter more cheaply. However, a combination of shifting cultivation and lack of market orientation has meant that neither of these has benefited the indigenous peoples. Their rather more fluid notions of land tenure have allowed Khmer and Lao settlers to build new houses along the roads and effectively lay claim to valuable land¹¹. In addition, there have been land seizures by powerful interests in Phnom Penh for plantations, in one case as much as 20,000 hectares. These plantations appear to have little chance of agronomic success, and therefore it seems likely that they represent a method of acquiring tenure rather than an economically viable enterprise. Similarly, the minorities had little tradition of cash-crop production, so the roads allowed trade goods in without corresponding increases in incomes for the resident populations.

A further aspect of the construction of access roads is that by permitting easier timber extraction they also allow increased access to wildlife and fisheries (Emerson 1997). Wildlife in Ratanakiri and Mondulakiri Provinces was abundant at the start of the 1990s and through Cambodia's favourable human demography they represented an important reserve of biodiversity for South East Asia as a whole. The spread of guns and the access for hunters from the cities with high-powered rifles has effectively eliminated much of the large mammal fauna in less than a decade. At the same time, illegal but widespread fishing techniques, such as poisoning, shocking and dynamite, were introduced by outsiders, causing a collapse in the fish populations. CARERE/Seila has been working with communities using CBNRM techniques to manage both logging and fisheries, as have several local NGOs. Whether such local-level initiatives can effectively counteract the powerful centralised economic forces behind natural resource degradation, and what stance they can take when strongly integrated with government, will remain problematic.

3.5 The private sector

3.5.1 Private-sector activities

One of the consequences of the Khmer Rouge period and its aftermath was the physical elimination of almost all private-sector enterprise. All types of trade and commerce were forbidden and traders often executed. The control over natural resources such as timber and the collapsed infra-

¹¹ This has also occurred in the Cardamom mountains in the south-west, where recently de-mined land has been seized by settlers and the indigenous minority driven back into the forest.

structure during the Vietnamese era meant that commerce has had to be built up almost from scratch during the 1990s. As a result, the private sector has grown up in haphazard fashion, much influenced by business practices from neighbouring Thailand. Indeed the widespread use of the Thai *baht* in the north-west has caused a certain convergence between the two economies. There seems to be little doubt that the persistence of the donors in conflict resolution has paid off, and this in combination with infrastructure development has allowed rural households to take advantage of the proximity of Thailand and develop markets. One aspect of this is that there is only one client for some types of services, such as road and bridge construction – namely the government. Nonetheless, the creation of access has, broadly speaking, elicited a rapid response in many areas; the fast-paced expansion of Siem Reap to cater for the Angkor Wat tourist trade is one example.

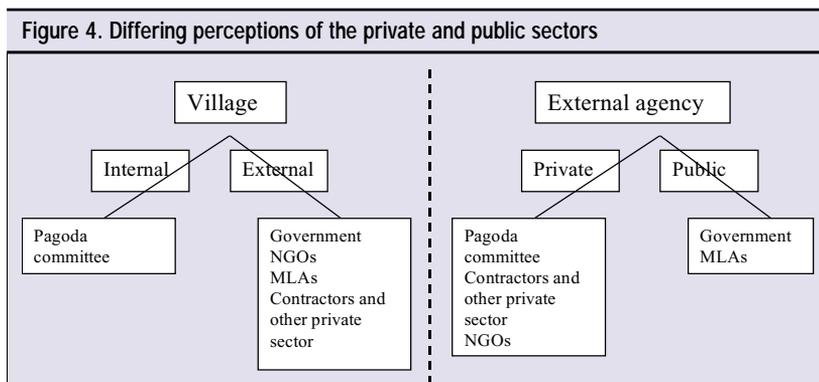
3.5.2 CARERE/Seila and the growth of private-sector activities

A by-product of the CARERE/Seila emphasis on infrastructure has been the encouragement of small private-sector companies in rural areas. In the early period, the breakdown of all commercial activity meant that there existed no companies with the capacity to construct roads and bridges. As a consequence, many projects were undertaken by WFP/ILO on a food-for-work basis, with effectively subsidised inputs. Moreover, the CARERE/Seila process requires that a village contribute 10% of the resources for construction, usually divided as 3% cash and 7% labour. Although effective in the early period, more settled times have all but brought food-for-work projects to an end. In most of the more developed regions there are now sufficient small enterprises to make competition between them a realistic expectation (Klerx & Lay 2001). The exception is Ratanakiri, where high underlying costs have made most companies unwilling to operate there.

One problem is accountability of private enterprises: road and well construction in areas liable to flooding require technical expertise in construction and subsequent regular maintenance. While each CARERE/Seila office has a committee that is supposed to inspect new construction, problems arise in making contractors responsible for problems that occur one or two years after the work is completed. Communities have a history of being passive towards infrastructure designed and implemented by external agencies. CARERE/Seila has been trying to ensure that communities not only participate in planning, but also become involved in monitoring and rectification works. According to CARERE/Seila officials, communities are increasingly complaining about poor-quality work, which is a major step forward in developing a responsive process.

3.5.3 How is the private sector perceived?

One of the questions we asked persistently in the early part of the survey concerned perceptions of private-sector activities. It became rapidly apparent that beneficiaries do not classify external institutions in the same way as desk-bound analysts. Essentially, everything that is seen to be driven by people or institutions outside the village is classified in the same way, whether government, NGO, MLA or actually private-sector run. This might be represented as follows (Figure 4):



This type of conceptual patterning is of great value in assessing the impact of large-scale agency activities on the growth of the private sector at village level because it is important to understand reactions to investment in both private enterprise and public works. It explains why pagoda committees are so much more responsive than other institutions and why individuals find the private sector hard to assess and compare with government or NGO activity.

3.6 Voice/articulatory

It is now generally recognised that voice and articulatory are a decisive factor in poverty levels; inability to make one's views known may be part of the nexus that ensures poverty persists in a given subgroup. The survey therefore paid particular attention to perceptions of voice and articulatory as well as constraints that can arise from language differences.

3.6.1 How familiar is Seila to beneficiaries?

All the interviews were conducted in villages where CARERE/Seila had had at least some operation, but it was clear from the earliest interviews that villagers are often extremely vague about exactly who outsiders were and what their purpose was. We asked the interviewees if they knew what Seila was and as Table 4 shows, less than half of them actually did.

| Table 4. Awareness of Seila | |
|-----------------------------|-----|
| Do you know Seila? | No. |
| No | 25 |
| Yes | 24 |

This does not mean that they were not aware that roads or canals had been built following discussions at a meeting, but their perception of the link between these two could be very tenuous. One interpretation of this could be that CAREERE/Seila has been successfully integrated into village life and that its activities are seen as the normal operation of government. In one sense this is certainly true, if only because at ground level many villagers remain uncertain of the roles and functions of government.

Of those who had heard about Seila, Table 5 shows how the information was spread.

| Table 5. How did you hear about Seila? | |
|--|-----|
| Means | No. |
| No information | 25 |
| Attended village meeting | 4 |
| Informed by village chief and VDC | 3 |
| Radio or TV | 1 |
| Seila activities | 4 |
| Seila sign | 1 |
| Through my position | 11 |

It is interesting that neither radio/television nor signs played any significant role in Seila awareness levels and that the majority had found out about it because they held some official position in the village, often as VDC members. If nothing else, it suggests that Seila should put more effort into explaining to the beneficiaries the links between process and outcome, because then the advantages of more active participation in meetings and planning workshops would be more evident to the community as a whole.

3.6.2 Speaking up

Freedom of expression

Cambodia has a paradoxical history in this respect. A recent history of state terror was responsible for extreme repression of individual opinion,

and the encouragement of individual voices is new and unfamiliar. Nonetheless, Cambodia has one of the freest presses in South East Asia, although Khmer newspapers and broadcast media usually support the views of the major political parties. Occasional attempts to silence individual journalists have generally been countered by protests from donors and NGOs, and government has tended to retreat. However, at village level, the concept of voice in village affairs is much less well spread; the tradition has been to follow the lead of the powerful. Decentralisation implies a radical revision of these conceptions and as such has taken on the task of diffusing unfamiliar concepts.

Why don't people speak up? Encouraging voice in rural areas

The rhetoric of CAREERE/Seila is the participation of all sections of the community in VDC/CDC meetings and it is generally true that these are well attended. Compared with the past, everyone we spoke to felt that the climate was much improved for the expression of ideas, both on specific topics such as choices concerning infrastructure, and more generally on issues such as de-mining, schools and the local power hierarchy. Some interviewees told us they were convinced that village and commune leaders made decisions privately and 'fixed' the results of meetings, but broadly speaking the impressions of beneficiaries were highly positive. Table 6 shows the percentages of interviewees who felt they could now speak at public meetings and that their opinions would be taken into account.

| | No. | % |
|-----|-----|------|
| No | 12 | 24.5 |
| Yes | 37 | 75.5 |

The greater problem is considerable vagueness as to the *purpose* of public meetings. As Table 4 shows, only half of the interviewees knew what CAREERE/Seila was, although they had all attended the public meetings.

We discussed with each individual their reasons for not speaking up. Those who felt they should remain silent offered diverse responses: lack of education, their poverty, recent arrival in the area and the observation that their opinion would make no difference because the VDC was controlled by the rich and the powerful (*amnach*). It seems unlikely that these individuals felt that more senior figures represented their interests as patrons or brokers; the economic individualism typical of Khmer village communities suggests that their views would simply be lost. Interestingly, none of the women observed that their silence was related to their gender, although this has been reported elsewhere (see Biddulph 2001). Married

women sometimes said that their husbands would speak for them. Although merely impressionistic, the extent to which women dominated household interviews was noticeable even where household heads were men, providing confirmation of the matrifocal analysis of Cambodian kinship relations. This may be because the household is perceived as the women's sphere¹², as opposed to public spaces which are conceptualised as the men's sphere.

Language issues

For the most part, Cambodia is ethnically homogeneous and language issues do not divide the authorities from the population in most of the country. However, literacy is a major issue, given that all the documents concerning the VDC and CDC decisions are kept in Khmer. Table 7 shows the language of literacy of the interviewees recorded in the survey.

| Language of literacy | No. |
|-----------------------------|------------|
| Khmer | 30 |
| Jorai | 2 |
| None | 17 |

The Jorai language is spoken principally in Vietnam and written in Roman script, but it is not used by the Cambodian authorities. Literacy programmes in other languages, such as Tampoeng, are under way in Ratanakiri, although their impact is as yet small. This percentage is rather higher than the results of other surveys which tend to show rates of around 30% – perhaps a reflection of the fact that the survey was targeting heads of households. There is however a strong correlation between lack of literacy and unwillingness to speak up at village meetings.

In terms of communication, the exception, as elsewhere, is where minorities are dominant in Ratanakiri and Mondulakiri Provinces. Among the minorities, only a few individuals spoke Khmer and these tended to be the younger generation or those who travelled outside the area for work. The traditional authority in the villages was the assembly of elders who conducted discussions entirely in their own language. The effective requirement that VDC and CDC members be Khmer speaking excluded

¹² Articulatory can have rather unexpected manifestations. In Khmer society, women are spirit mediums and are regularly consulted in both villages and towns for many purposes. While in a trance, the mediums are allowed to say many things that would be impermissible in daily life on the grounds that it is a spirit speaking through them. This allows them a voice which is perfectly integrated into Khmer society, although it would not be recognised by standard socio-political analyses.

*Photo: Anders
Gunnartz*



many decision-makers in minority areas and has definitely caused tension in the communities. Although ‘participatory’ meetings can in theory be held in other languages, it seems that in practice they are conducted in Khmer. As a result, the meetings may not be seen as representative of village opinion and one indicator of this is that some of the local NGOs refuse to work through the CAREERE/Seila system, although they do cooperate with Seila. A typical consequence of this is that in one community visited, there were two wells, one in the VDC chief’s compound and one at the other end of the village, sited by the well committee, an NGO-sponsored body.

These issues have been aired, sometimes acrimoniously, in meetings between CAREERE/Seila and the NGOs, and it should be acknowledged there is some awareness of this at management level. Since CAREERE/Seila is Khmer dominated and their local contacts are Khmer speaking, it is difficult to think outside the typical processes and challenge the operational procedures handed down from the hierarchy. From the government point of view, its policy is that Khmer becomes the national language and should therefore eventually be spoken by all citizens. However, such a policy needs to be more aware of the implied power dynamics as well as sensitive to issues of ethnolinguistic self-determination.

Training

Training courses are currently an extensive part of the budget of almost any development intervention and there is no doubt that the training of Seila officials and CDC members has been effective. It is less clear whether village-level courses benefit trainees in the same way. The courses that

are offered seem to be extremely diverse (Table 8) and somewhat fragmented. The alien situation villagers find themselves in often makes it difficult to distinguish the content of the course from other situations where dominant groups lecture villagers. Hence some villagers were unable to remember the courses they had taken, while most claimed to have taken no courses at all – a situation somewhat at variance to that portrayed by the VDCs and CDCs.

Table 8. Training courses taken by interviewees

| Training courses | No. |
|-------------------------|------------|
| Agroforestry | 2 |
| Don't remember | 3 |
| Gender | 2 |
| HIV/AIDS | 1 |
| Human rights | 2 |
| IPM | 2 |
| Literacy | 1 |
| None | 36 |

One woman, when questioned on the value of a course on gender she had attended, said, ‘it was useful because they gave us a bicycle’. A clearer policy on training courses and more effective monitoring of their impact would evidently be appropriate.

Chapter 4

Project Design and Sida's Larger Goals

In promoting area development, Sida has in mind a broadly two-part strategy. In addition to sustainable development and poverty reduction in the area itself, the programme should develop concrete examples of best practice to feed into the national policy process. With poverty reduction as the overall goal, learning, integration, sustainability and capacity building need to be addressed within programmes. Sustainability is probably the most difficult to assess, especially in areas where the programme has been active only for a short period. Assessment also has the benefits of hindsight and improved understanding of issues from advances in development thinking. This is particularly the case with poverty reduction, as the understanding of the multidimensionality and other aspects of poverty have improved considerably amongst development specialists since CAREERE/Seila was initiated.

4.1 Poverty reduction

4.1.1 Impact of CAREERE/Seila on poverty reduction

Although poverty reduction is Sida's overriding goal, it was not a specific element in initial project design. Its incorporation in more recent project documents reflects changing international concerns which have fed their way into Cambodian policy somewhat erratically. Generally speaking, assessments of poverty reduction without baseline data tend to be anecdotal, but additionally make it harder to distinguish project effects from general economic change. Although an absence of baseline data for CAREERE/Seila inevitably makes quantitative assessment impractical, all indirect indicators suggest both regional economic growth and an increase in overall wealth, as well as improvements in livelihoods. Income proxies such as newly roofed houses, personal transport and omnipresent small businesses represent very concrete signs of such progress. The evidence from the survey concerning economic diversification is also an indicator of poverty reduction since it signifies surplus wealth and therefore employment creation.

There is a problem with reconciling area development, which deals in general public goods and which may favour the richer and more articulate sectors, with poverty reduction strategies, which should segment benefici-

aries and concentrate on the worse off, though possibly excluding those in need of social protection. Area development does *not* directly address poverty reduction *in the sense of targeting the very poor* but assumes that benefits will reach the poor. To include this specific element, a hybrid project could be designed. The UNCDF Final Evaluation (Intech Associates 2001) suggested that there is a potential conflict between bottom-up village planning and planned poverty targeting, and ‘unless planning and project interventions can be targeted at individual families, it is unresolvable’. The present system of determining the initial LDF allocation based on a formula incorporating wealth ranking and population may be both a more equitable and rational approach (although it is of course possible that additional criteria might be incorporated to improve the allocation process). More appropriate forms of direct assistance to the poor – particularly through NGOs and dedicated sectoral programmes – are likely to have greater cost-effectiveness and to target genuinely the real beneficiaries. There is a fundamental paradox in the notion of mixing the provision of public infrastructure (benefiting all) with explicit targeting.

Area development focuses on public goods, typically roads, bridges, irrigation canals, schools and health centres. These are likely to raise the overall wealth of an area, but they will preferentially increase the incomes of those best equipped to take advantage of them, by, for example, investing in transport or additional land. Less tangible goods, such as credit or training, are most likely to benefit those with the capacity to make most use of them. In the Cambodian case, wealth stratification in combination with a legal regime that permits the sale of household land can be problematic for the lowest stratum of society. As such land becomes more valuable, it is also more easily alienated. For example, sickness in the family can often lead to the loss of land, sold to pay for expensive medical treatments. Ironically, it is the development of the area that has stimulated this process: when villages were isolated communities with few connections to the outside world, householders would not have considered seeking modern treatment with its attendant costs. If household land has been sold, the usual household response is to seek paid labour, either long term in Thailand or locally. This in turn makes the whole household much more vulnerable, as such work is uncertain and rates of pay vary. As a consequence, the household may fragment as different family members migrate to different places, and finally, it disappears as a unit.

This process of land alienation has become more extreme in north-east Cambodia, where farmers depend on swiddens, not rice land. As land is taken by migrants, timber companies and large landowners, the cycle of the forest fallow is decreasing¹³. For example, the logging concession

¹³ Various reports suggest that the original length of the fallow cycle was some 17–20 years, a figure which may have halved in recent years.

granted to Taiwan timber company, Hero, in the north of Ratanakiri Province included the homes and land of no less than 10,000 villagers. These concessions include important sacred sites which the company promised to protect, but which they have damaged anyway without incurring significant penalties (Ratanakiri Provincial Rural Development Department 2000). As a consequence, yields are falling and the inability of the forest to recover also reduces the potential harvest of NTFPs. In turn, the minorities have now been forced into dependency alliances with NGOs who are fighting their cause. Ratanakiri thus represents an analytic paradox: there is little doubt that some indigenous populations, who were numerically dominant in 1990, have actually become poorer; however, the migrants have become substantially wealthier and the area as a whole could be described as having undergone economic growth. The growth of cash-crop production, such as cashews, may eventually increase incomes again; but exchanging old-growth biodiverse forest for the uncertainty of tree crops is a poor bargain.

When CAREERE II was established in 1996 in Ratanakiri, the rapid socio-economic change of the late 1990s would have been difficult to predict. The structure of CAREERE/Seila has proven somewhat inflexible in the face of these changes which would have required a major re-analysis of the problem; indeed the very different approaches espoused by NGOs in the area argue for such revised thinking. Resource flows, articulacy, the relevance of credit and the private sector are very distinct from elsewhere in Cambodia, and this needs to be recognised.

4.1.2 PRSPs and the CAREERE/Seila programme

In principle, a long-established programme such as CAREERE/Seila with detailed process documentation should be an ideal source of lessons that can be fed into the PRSP process. However, in Cambodia this has had a rather unhappy history. The government's poverty reduction strategy process was launched in early May 2000, while simultaneous preparations were also being made for the second Socio-Economic Development Plan (SEDP II). The Ministry of Economics and Finance prepared an Interim Poverty Reduction Strategy Paper (IPRSP), which was passed by the Council of Ministers on 26 October 2000. The Ministry of Planning then began preparation of SEDP II, the second draft of which was completed on 31 March 2001. The result was two parallel documents, one driven by the World Bank, the other by the ADB. Until a very late stage, none of these documents were in Khmer, which, as the NGO forum site says 'raises severe doubts about the ownership of these documents'.

The World Bank and ADB appear to have worked more in competition than in collaboration, leading to an unwieldy three-phase process (IPRSP, SEDP II, Full PRSP), in which each party only appears willing to

take responsibility for certain phases. One provincial official explained, ‘Different donors use different arms of government, until the left arm does not know what the right arm is doing’. The behaviour of the two banks has badly damaged the confidence of both government and NGOs in the value of national strategic planning processes. In reality there seems to have been little interaction between the PRSP process and the design of the next phase of Seila.

4.2 Learning and integration of lessons learnt

Learning and taking action from the lessons learnt is crucial for all programmes and projects, at the programme level as well as feeding into government-level processes and integration across regions.

4.2.1 Learning within the CAREERE/Seila programme

There can be no doubt that learning within CAREERE/Seila has been generally effective, primarily because of the high levels of monitoring¹⁴ and evaluation over the course of the programme, which reflects both the number of players and the interest of donors in the programme (cf the various documents cited in the reference list). Sida took the unusual step of appointing an ‘advisory team’, the PAG (Programme Advisory Group), in 1997 to report back annually on progress but also to act as an intermediary between Stockholm and CAREERE/Seila on the ground. The annual reports of the PAG have proved valuable in suggesting course corrections which have generally been acted on¹⁵ (viz the reports by SPM Consultants completed in 2001). These reports are technically to Sida, not to CAREERE/Seila, but their recommendations have largely been fed back to the programme. PAG comments on the sincerity of CAREERE/Seila staff and that ‘we were often not told ‘what we wanted to hear’’, an experience confirmed by the present study.

4.2.2 Integration within government

The lesson-learning process is only of value if there is evidence of its integration into government. The most important sign that the Cambodian Government has taken on the participatory processes first tested out by CAREERE is the formation of the Seila task force, now programme, and

¹⁴ Monitoring in the sense of high-level external teams visiting and commenting on CAREERE/Seila. However, it should be emphasised that one of the continuing problems CAREERE/Seila faces is their limited capacity to monitor effectively at ground level. However, to make this a focal point would be like criticising an elephant for being grey; effective and sustainable M&E at ground level in development project is as rare as hens’ teeth.

¹⁵ In the summation report (Eastmond et al 2001) the consultants note that their ‘reports, views and recommendations are always seriously considered and taken into account’ – not a proposition to which many consultants would readily assent.

the evolution of a Seila ‘mechanism’ for disbursing funds and managing projects. As suggested in the livelihoods analysis, the very different patterns of subsistence in the north-east are not always appropriately matched to strategies developed in the north-west. CAREERE began as a relief project, funded by a donor in the provinces and has become a key arm of government with the capacity to integrate the projects of other donors such as GTZ within a common framework. Notably, the broader lessons of deconcentration and decentralisation coming out from CAREERE/Seila have been taken on by government. The laws relating to Commune/Sangkat Administrative Management and the Commune Electoral Law provide a legal framework for devolution of power and financial responsibility at commune levels. The Council for Administrative Reform (CAR) has stated unambiguously the government’s commitment to further decentralisation (Porter et al 2000) and the pilot activities of Seila have provided the key model for this ‘scaling-up’ process.

4.2.3 Cross-regional learning

Another potential type of learning is between disjunct geographical areas. There are marked disparities between Ratanakiri and the other regions of Cambodia in terms of the impact on communities, poverty reduction and the effectiveness of local planning. Cross-regional learning has been limited; indeed some of the problems of Ratanakiri may originate with a failure to adapt strategies developed elsewhere to its specific conditions. Similarly the more intense reflection on CBNRM that has characterised Ratanakiri has not been picked up in other CAREERE/Seila provinces. The cause of this is undoubtedly the geographical remoteness of the north-east, its poor communications and the very different context in which it operates. However, this is also relevant to the principle of ‘scaling-up’: if an ADP is to provide a model that can be extended to the national stage, it must either provide a homogeneous model or else demonstrate how to respond sensitively to local conditions within the larger framework of the programme.

In terms of the environment, there were similar limitations on cross-regional learning. Increased external access and an absence of effective control by the local community have led to severe environmental degradation in the north-east. Similar but less visible consequences also occurred in the north-west, where woodland clearance has led to heightened flooding and loss of rice crops. These rather less direct environmental impacts meant that lessons from the north-east were ignored. This could have been remedied with a more strongly focused EIA process.

At the commune and village level, interpreting integration is related to the weight accorded to rhetoric. Interviews with CDC and VDC members show that they have been well-trained in the Seila processes and can

rehearse their modalities. In terms of decisions concerning infrastructure development, the evidence suggests that a key lesson of integration seems to have been well-learned: the synthesis of opinion from the village level and its transmission to the commune and provincial level. All the communes visited showed well-kept records, dating back several years in some cases, and were able to trace the line between plans submitted and concrete results as they eventuated, and to identify faults in this process as well as whether they had been remedied. If this sense of linkages up and down can be maintained and extended, this bodes well for broader 'scaling-up' processes.

However, it is less certain whether other such lessons have really been absorbed. Typically, CDC members could repeat what they had learnt about human rights, gender etc on training courses they had attended, but were quite unable to give concrete examples of their application in everyday life. This suggests that these external concepts are still quite abstract. This was in contrast to more practical courses, such as those on pig raising, which could be enthusiastically rehearsed.

4.3 Sustainability

Sustainability in the CAREERE/Seila programme can be considered from a number of perspectives:

- *physical infrastructure* – has the construction commissioned through CAREERE/Seila been both satisfactorily carried out and is it being maintained?
- *institutional* – are the institutions created by CAREERE/Seila likely to function as envisaged into the future?
- *environmental* – are the impacts of CAREERE/Seila activities environmentally sustainable?

This section considers these categories of sustainability.

4.3.1 Physical infrastructure

Fortunately, in the case of physical infrastructure, a comprehensive study was carried out in 2001 funded by the World Bank under the auspices of the UNCDF (Intech Associates 2001). A database of LDF projects has been created to provide a picture of their current status, and given the large number of contracts, the LDF database is an effective monitoring tool. Up to now, the project has been weak in ensuring that adequate baseline data is available for ex-post evaluation. The LDF database provided valuable information on the overall progress of contracts and gives a picture of the payment process. However, a mechanism is still lacking

for undertaking integrated technical and financial audits to check that works have been undertaken, for reconciling project bank accounts and for quantifying the funding replenishment needs of the communes.

The Intech survey field-checked a sample of LDF projects for quality and the results are given in Table 9:

| Classification of project | Battambang | Banteay Meanchey |
|---|-------------------|-------------------------|
| Good quality meeting standards | 45% | 25% |
| Some problems, but generally satisfactory | 43% | 56% |
| Poor quality, could be improved | 12% | 17% |
| Unacceptable | 1% | 2% |
| Projects checked during survey | 93% | 96% |

Source: Intech Associates (2001)

The field visits suggested that technical and managerial capacity within the technical support section teams is limited and further capacity building and training is required. To be truly effective, the training should be followed up and repeated and should concentrate on transfer of skills in repairs, including training to local minor contractors.

Although the reviews of LDF have frequently referred to the infrastructure projects as labour based, in reality the projects executed under LDF are similar to those executed under other programmes. The DFID/Sida mission raised this issue and asked ‘whether labour-based methods of road construction should be promoted within Seila or whether the status quo of competitive bidding should persist?’ The mission correctly points out that ‘given the dearth of labour opportunities in rural areas, there may be a rationale for encouraging contractors to use labour-based methods’ (see Intech Associates 2001).

4.3.2 Institutional and financial

The institutional sustainability of a programme such as CARERE/Seila can be measured at various levels –national, provincial and local – and the measures will be somewhat different. CARERE/Seila has been functioning in some form at the national level since 1991 and the creation of Seila enabled CARERE to re-invent itself as a multi-donor financing framework supporting both sectoral investments and development of local governance institutions. Support has come from UNDP, UNCDF, UNHCR, WFP, IFAD, the World Bank, Holland, Sweden, the European Union, Britain and Australia. The Cambodian Government has committed itself to make LDFs available from its own budget, as the process is

gradually extended nationwide and in 2001 committed 5.5 billion *riels* to Seila. Donors exercise highly variable inputs into the expenditure of their funds. For example, IFAD funds the agricultural development support to Seila while AusAID provides the technical assistance to the programme through the Cambodia Australia Agriculture Extension Project (CAAEP). The World Bank Post Conflict Unit supports reconciliation activities as well as rural infrastructure and has played an important role in financing LDFs.

One of the threats to sustainability is the Balkanisation of donor-driven projects. Goodwill towards Cambodia is such that it has a high concentration of both donors and NGOs. Donors have considerable funds available, to the extent that they do not always work with one another, and their projects may conflict with those already established because they are signed with different arms of the government. An example that is directly relevant to CAREERE/Seila is the proposed ADB Northwest Rural Development Project (NWRDP), which would cover much the same ground as Seila, but using a much more top-down approach and be implemented through the MRD. This has already been the subject of protests by Sida and DFID to the ADB. Seila officials everywhere expressed concern that a consequence may be the poaching of staff through higher salaries as well as the effect of dissimilar and less participatory processes giving mixed messages at the village level. CAREERE/Seila has attempted to avoid this by providing a single national approach for all donors with some success. Powerful donors can always override such strategies unless governance is uncharacteristically effective and there is little that can be done in design terms to prevent this. However, it seems likely that a model that corresponds to the needs of local beneficiaries will probably be more sustainable than one imposed from outside, no matter what temporary success its greater resources may give it.

The counterpart of donor Balkanisation is intra-government competition for external resources and thus lack of policy coherence. Forming a task force within government does not ensure that the lessons learnt are absorbed equally by different ministries. Probably the single most important problem faced by CAREERE/Seila relates to ensuring that lessons learnt are actually absorbed across *all* arms of government. At present, the Seila task force encompasses a number of ministries and departments, but crucially excludes large and important groupings such as the Ministries of Health and Education, as well as having only limited involvement with the Ministry of Rural Development (despite its appearance on organograms of Seila). Although the PRDC is closely involved in the execution of field activities with funding provided through the Seila structure, provincial and district levels of the relevant line ministries have only restricted power over the allocation of resources. Hence the ADB

infrastructure project in the north-west has found a constituency despite its apparent duplication of Seila activities. As suggested above, despite the appearance of major line ministries on the organograms, they are not yet fully incorporated and there is no doubt that a task for the coming years will be to integrate these fragmented constituencies.

In instituting new processes such as CARERE/Seila, it is almost inevitable that new or evolved bodies must be created. This is often problematic in countries where innovative bodies must co-exist with an old-established bureaucracy; but in Cambodia the virtual absence of existing structures made this not only essential but relatively easy. The key bodies – the VDCs and CDCs – have functioned without serious institutional opposition. Whether such bodies are truly representative is hard to establish; as Section 3.6.2 suggests, language issues can skew membership.

Political sustainability is yet another issue. While local government was depoliticised, VDCs and CDCs tended to be composed of a broad range of community members, designed not to reflect political affiliation. But such breadth may be perceived as a threat when local government is in the hands of specific political parties. An ominous sign is that VDCs and CDCs have no basis in law and at the time of writing, their future is uncertain. Once the control of individual communes is ceded to political groupings, it may be that the decision-making process will change radically. The worrying number of assassinations of candidates for election threatens the type of whole-community participation characteristic of Seila. The politicisation of local government will inevitably pose a threat to sustainability but it is hard to see what design feature could prevent this.

4.3.3 Environmental

Sustainability must also be environmental. Setting up infrastructure and improved agricultural facilities acts to increase both food security and access. But, as Section 4.3.2 explains, not simultaneously restraining tree cutting and regulating fisheries acts conversely to reduce water control and consequently reduces the protein supply. Indeed the year-on increases in Mekong flooding show that the secondary consequences of growth are not environmentally sustainable. Complex trans-boundary issues come into play here because tree cutting in Laos is partially responsible and securing agreement on Mekong basin management issues is proving highly intractable¹⁶.

Apart from the key role of the forest in waterholding, the largely uncontrolled logging in the north-east is also unsustainable and has again had

¹⁶ This is one of the key objectives of REPSI, a Sida-funded Mekong Basin research initiative.

Photo: Anders
Gunnartz



an impact on both food security and land tenure. The CAREERE/Seila strategy to encourage CBNRM in Ratanakiri opposes such extraction; but the broader consequences of growth have provided both improved access for timber companies and greater awareness of the profits available from logging. This is not to say that CAREERE/Seila is somehow responsible for the logging, but that CBNRM is not in itself an adequate response to these macro-processes.

Given that these are eminently predictable consequences of area development, applying the principle of *primum non nocere* is inadequate. Area development is about integrated approaches: considering the likely indirect environmental consequences should be essential to the design of an ADP. A programme that has no direct consequences for the environment cannot be signed off on that basis. In other words, a failure to take such impacts into account derives from an inadequate understanding of the chain of causes and consequences that impact on livelihoods.

4.4 Capacity building

The boundary between capacity building and service delivery and their application to public and private sector varies significantly between documents. The view taken here is that capacity building is about creating *donor-independent* capability, whether that be within government or outside it. CAREERE/Seila has been essentially part of government, and thus its impact on capacity building can be largely measured by the effectiveness of its staff and institutions. Nonetheless, the use of private contractors for infrastructure projects undoubtedly also acts to build up the private sector.

4.4.1 Managing infrastructure

The Intech study (Table 9) indicates that the vast majority of infrastructure projects have been ‘generally satisfactory’ and only a tiny percentage ‘unacceptable’ – figures rarely matched in analogous programmes in Africa. This implies that capacity to commission projects, supervise their construction and maintenance is generally good, despite individual counter-examples.

Nonetheless, there is a strong feeling that infrastructure resembles service delivery and is not necessarily responsive to the needs of the poor. Despite the virtues of making the LDFs more inclusive, there are also risks. Capacity building in implementing simple projects may be lost if too many diverse activities are added. More mainstream services such as veterinary advice and agricultural/marketing extension have been introduced in scattered locations. However, these might be more appropriately and economically provided at other levels than the commune; moreover such services could be in direct competition with the emerging private sector.

4.4.2 Institutional

One of the visible successes of CAREERE/Seila is the effectiveness of provincial offices. Relative to the other ministries, CAREERE/Seila has accrued considerable resources in both IT and transport. Computers, modems and mobile phones, as well as the ability to use GIS programmes for mapping commune resources, are not only widespread but functional. Indeed, impressive presentations were supplied detailing the progress of CAREERE/Seila in each province. At the commune level, most of the offices visited were functioning and the records kept effectively enable CDC members to answer questions in detail. All of this suggests that at the level of the administration, capacity building has been very effective.

In the village the situation is more ambiguous. Ideally, VDC members acquire skills in managing participatory planning; however, this is likely to be subverted by politically-led commune councils which in some cases will replace skilled individuals by loyal party functionaries, leading to a loss in managerial skills. It is unfortunate that government has not seen fit to give the VDCs and CDCs legal status, but the consequence may be that the skills developed in their operation will be transferred to private-sector enterprise.

Chapter 5

Conclusions

5.1 Summary

Overall, there is little doubt that CAREERE/Seila has been highly successful, given the anarchic situation that prevailed in Cambodia prior to 1991. The survey showed that the great majority of communities where CAREERE/Seila operates have seen increased wealth, better food security, improved voice and greater flows of products and services in and out of their area. The exception to this is the north-east, where greater wealth for some sections of the community may have been outweighed by impoverishment of the indigenous inhabitants – the non-Khmer minorities – although this cannot be attributed to CAREERE/Seila.

In terms of broader requirements, such as sustainability and integration, CAREERE/Seila has been an efficient service delivery project but has also built capacity at every level, although the more abstract concepts delivered through training courses have made less impact. The spread of its concepts through the Cambodian Government argues for both integration and longevity. The major threats are competing donor projects and the injection of party politics following February 2002. This will constitute the most important trial of CAREERE/Seila. On another front, it has been argued that CAREERE/Seila has not necessarily built up the management expertise to function if donor funds were to be abruptly withdrawn. This is unlikely except in the eventuality of political conflict, and the Cambodian Government has shown itself adept at seeking continuing funding. More importantly, however, CAREERE/Seila has clearly accumulated considerable expertise in local and provincial level governance and there is every reason to believe this would not be wasted whatever the future political trajectory of Cambodia.

What lessons does CAREERE/Seila have for area development in a broader perspective? Two considerations are important here: CAREERE was not considered originally as area development, but as relief and reintegration. A feature specific to the Cambodian landscape is the virtual absence of functioning government institutions prior to CAREERE; the programme was not obliged to compete with entrenched bureaucracies as in Ethiopia and Zambia. When the programme was redesigned, its inheritance from CAREERE I meant that it did not entirely reflect current thinking about the lessons of integrated rural development. Secondly, as it gradually goes nationwide, it is evolving into a national programme and again away from area development.

5.2 Design considerations for area development

The analysis of the CAREERE/Seila programme suggests the following design considerations for future Area Development Projects:

- Baseline studies are essential not only for understanding impact, particularly for poverty reduction, but also for the course corrections that are part of a process project. The transition from a different programme should not be an excuse to omit the collection of baseline data. This is distinct from learning that occurs as a result of monitoring exercises.
- Area projects should ideally not include economically disparate and geographically disjunct areas because of the different management imperatives and high transaction costs this incurs.
- Area projects are usually sited in regions that are marginal or peripheral in economic and geographical terms. However, the north-west of Cambodia is clearly the country's most dynamic area economically, and this makes disaggregating programme impacts from general development problematic.
- Where there are evident variations in regional socio-political and ethno-demographic structures, approaches *must* be locally adapted both at the level of strategy and analysis of beneficiary response.
- Increased clarity concerning the detail of poverty reduction goals ('beneficiary segmentation') must be built into projects at their inception if a clear result is intended. A conflict between the public goods concept of area development and the likely consequences for the poor as wealth stratification increases may arise if this is not explicitly recognised in the design.
- In taking account of environmental risk, absence of negative impacts is an inadequate guarantee of effective natural resource management. Area development inevitably increases pressure on the environment indirectly and initial EIA should take this into account.

5.3 Design matrix for area development

The previous section is intended to capture in narrative form design issues emerging from the Cambodian survey. However, to relate the findings,

Table 10 presents a matrix organised in terms of Sida's broader objectives. The baseline is CAREERE II, as CAREERE I is considered to have more the character of a relief operation project. In terms of present goals, CAREERE II was not very specific: as Seila developed, current framing devices became more prominent in the documents (see under 'Current assumptions').

Table 10. Cambodia ADP: matrix for design features

| Sida objective | Original assumptions | Current assumptions | Relevant actual design features | Reality | Desirable future design features |
|--|--|---|---|--|--|
| Poverty reduction | Not specified in detail, though poverty reduction an overall Sida goal | Contributes to poverty reduction | 1. Participation of all social groups in planning process 2. Assumed impact of infrastructure development | 1. Overall area wealth increased 2. Wealth stratification probably also increased. Data uncertain | 1. Greater clarity concerning segmentation of beneficiaries 2. Specific targeting of poorest groups |
| Sustainability | Not specified in detail | Sustainability guaranteed by multi-donor base and Kingdom of Cambodia commitment to long-term funding | Strong emphasis on local and provincial capacity building Emphasis on encouraging other donors to adopt the Selta structures | 1. Commune elections and consequent politicisation of planning decisions may threaten participatory structures 2. Possible conflict with other donor projects using different planning mechanisms | 1. Threats to the programme cannot be countered by design features 2. Ensure earlier commitment by government to give S/C bodies legal status |
| Learning | Regular external advisory group missions leading to course corrections | External mission reports combined with internal M&E processes | Regular circulation of evaluation documents and annual follow-up | 1. Cross-regional learning less effective where conditions differ 2. Multiplication of documents makes consistent approach hard to assimilate | 1. Reduce missions and make documentation more consistent 2. Ensure course corrections are not merely reactive |
| Integration | Participatory planning processes would be widely adopted in government | Participatory planning processes will remain a key channel for disbursement of government funds | Selta process adopted by some government departments and most external donors | Donor balkanisation leading to cross-ministry fragmentation | Earlier agreement with all arms of government on a common platform |
| Capacity to inform wider processes such as PRSPs | Not applicable | Not applicable | Perhaps not designed towards this end, but may still be possible to draw some out | Not applicable | To be specified more generally but role of area development in increasing wealth stratification needs further consideration |

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NB Some documents supplied have no named authors or sponsoring institutions and have consequently been listed as anonymous.

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Appendix 1

Data on the Household Survey

Table 11. Interviews by province

| Province | No. |
|-------------------|------------|
| Banteay Mean Chey | 7 |
| Battambang | 13 |
| Otdar Mean Chey | 8 |
| Ratanakiri | 11 |
| Siem Reap | 10 |

Table 12. Interviews by gender

| Gender | No. |
|---------------|------------|
| Female | 7 |
| Male | 42 |

Table 13. Interviews by language group

| Language | No. |
|-----------------|------------|
| Brou | 2 |
| Charai | 3 |
| Khmer | 38 |
| Lung | 3 |
| Tampoen | 3 |

Appendix 2

Minority Populations in Cambodia

Table 14. Minorities of Cambodia

| Name | Population | Also in | Date/source | Province | Other names | Dialects | Classification |
|---------------|----------------|--|---------------------|--|--|---|---|
| Brao | 5,286 | Vietnam (? 250: 1993) | 1980 Diffloth | Ratanakiri | Braou, Proue, Brou, Love, Lave, Laveh | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Bahnaric, West Bahnaric, Brao-Kravet |
| Cham, western | 220,000 | Vietnam population total all countries 253,100 or more | 1992 govt. figure | Scattered in many provinces | Cambodian Cham, Tjam, Cham, New Cham | | Austronesian, Malayo-Polynesian, Western Malayo-Polynesian, Sundic, Malayic, Achinese-Chamic, Chamic, South, Coastal, Cham-Chru |
| Chong | 5,000 ? | Thailand population total both countries 8,000 | 1981 Wurm & Hattori | | Chawng, Shong, Xong | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Pearic, Western, Chong |
| Jarai | 15,000 or more | Vietnam | 1998 govt. figure | Ratanakiri, Bokeo, Andons, Meas, O Yadou, districts along NE border near Vietnam | Djarai, Gia-Rai, Jorai, Cho-Rai, Chor, Mthur, Chrai, Gio-Rai | Puan, Hdrung (Hdruong), Jhue, Arap, Habau (Ho-Bau), To-Buan, Sesan, Chuty, Pleikly, Golar | Austronesian, Malayo-Polynesian, Western Malayo-Polynesian, Sundic, Malayic, Achinese-Chamic, Chamic, South, Plateau |
| Kaco' | 2,000 | | 1992 Diffloth | Ratanakiri | Kachah' | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Bahnaric, Central Bahnaric |
| Kraol | 2,600 | | 1992 Diffloth | Kratie | | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Bahnaric, South Bahnaric, Sre-Mnong, Mnong, Southern-Central Mnong |
| Kravet | 3,012 | | 1988 govt. figure | NE | Kowet, Khvek, Kavet | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Bahnaric, West Bahnaric, Brao-Kravet |
| Krung 2 | 9,368 | | 1982 Diffloth | Ratanakiri, E Stung Treng | Krueng | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Bahnaric, West Bahnaric, Brao-Kravet |

| Table 14. Minorities of Cambodia cont. | | | | | | | |
|--|-------------------------|---------|---------------------|--|---|---|--|
| Name | Population | Also in | Date/source | Province | Other names | Dialects | Classification |
| Kuy | 15,495 or more | Laos | 1988 govt. figure | N Cambodia, all districts of Preah Vihear, E Siem Reap, N Kampong Thom, W Stung Treang, and several areas of Kratie Province | Kuay | Damrey, Anlour, O, Kraol, Antra, Na Nhyang | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Katic, West Katic, Kuay-Yoe |
| Lamam | 1,000 | | 1981 Wurm & Hattori | Near NE corner on the Vietnam border | Lmam | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Bahmaric, Central Bahmaric |
| Muong central | 19,000 in Cambodia | Vietnam | 1988 govt. figure | NE, 80% of Mondol Kiri Province, all districts | Phong, Phnong, Budong, Phanong | Biat, Preh, Bu Nar, Bu Rung, Dih Bri, Bu Dang | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Bahmaric, South Bahmaric, Sre-Muong, Mhong, Southern-Central Mhong |
| Pear | 1,300 | | 1988 govt. figure | Kompong Thom | Por, Kompong Thom Sauch, Saotch | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Pearic, Eastern |
| Sa och | 500 | | 1981 Wurm & Hattori | SW near Kompong Som on the coast | | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Pearic, Western, Chong |
| Samre | 200 | | 1981 Wurm & Hattori | Siem Reap | | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Pearic, Western, Samre |
| Somray | 2,000 | | 1981 Wurm & Hattori | W; N, E, and W of Phum Tassanh, and Tanyong River Phum Pra Moi; 2 areas | | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Pearic, Western, Samre |
| Silieng, Bulo | 3,571-5,000 in Cambodia | Vietnam | 1992 Diffloth | E, Kratie Province, Snuol District, and Mondoliri | Kajiang | Budip, Bulach, Bulo | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Bahmaric, South Bahmaric, Slieng-Chrau |
| Suoy | 200 | | 1981 Wurm & Hattori | Central, NW of Phnom Penh | | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Pearic, Western, Suoy |
| Tampuan | 25,000 | | 1988 govt. figure | Central Ratanakiri | Tampuhan, Tampuen, Tampuon, Kha Tampuon, Campuon, Proon, Proons | | Austro-Asiatic, Mon-Khmer, Eastern Mon-Khmer, Bahmaric, Central Bahmaric |

Source: Adapted from Grimes (2001)

PART 2:

Amhara National Regional State (ANRS)

Roger Blench
Dessalegn Rahmato
Karin Ralsgård

Executive Summary

Sida commissioned ODI and its partners to conduct a study of poverty alleviation through area development using a sustainable livelihoods framework. Three countries were chosen as case studies: Cambodia, Ethiopia and Zambia. Fieldwork was tested first in Cambodia before being carried out in Ethiopia and Zambia in a broadly comparable way. This is a case study of the Amhara National Regional State (ANRS) carried out in Ethiopia from 8 January to 5 February 2002.

The ANRS programme, recently renamed the Sida Amhara Rural Development Programme (SARDP), was initially planned in 1995. Background technical studies were conducted in 1996, with implementation beginning in April 1997. Planning for Phase II was halted during the Ethiopian–Eritrean war and then resumed, with Phase I ending in December 2001. SARDP II, a new phase of the ANRS programme, began in January 2002. This phase of the programme is carrying on most components from Phase I. New components added are support to the judiciary, a stronger focus on governance and *woreda*¹⁷-level capacity building plus a component on family planning and HIV/AIDS prevention. The second phase will end in 2004 as Sida revises their country strategy for Ethiopia.

The ANRS programme is an Area Development Project operating in two pilot ‘zones’: East Gojjam and South Wollo of the Amhara Region. The challenges facing smallholder agriculture remain overwhelming: a scarce and declining resource base; small and diminishing per capita holdings; decreasing productivity and increasing food shortages; limited opportunities for technological improvements; enormous and increasing population pressure; frequent environmental shocks and deep-seated livelihood insecurity; and growing structural poverty and destitution.

The key elements of the ANRS programme are a *sustainable increase in agricultural productivity and natural resource use as well as economic diversification*. This was to be achieved by core support to the *woredas*, emphasising participatory planning mechanisms and building local capacity. Decentralisation is developed through the Woreda Development Fund – a general development fund allocated by the programme to the pilot *woredas*. The principal positive elements were in infrastructure development, notably

¹⁷ The *woreda* is the administrative level of the Ethiopian Government between the local *kebele* and the zone.

roads, bridges, water posts, schools, health clinics and veterinary clinics. The Bureau of Planning and Economic Development (BoPED) became the focal point for programme support despite the agricultural nature of many activities. Many designated activities were never implemented by the Bureau of Agriculture (BoA), which led to some internal friction.

East Gojjam is a traditional ‘breadbasket’ area with a relatively high crop production potential, whereas South Wollo is often severely affected by droughts, soil erosion and higher risks related to crop production. Both zones suffer from decreasing food security at household level caused by lack of access to sufficient assets, low productivity and thus low incomes. The emphasis of the programme was on increasing agricultural production through intensification and diversification, through introduction and development of small-scale, low-risk technologies. Markets and links between the rural and urban economy were not a focus.

Learning within the programme has been inadequate and a failure to contact and interact with local community-based organisations (CBOs) and non-government organisations (NGOs) – some with considerable experience in the area – has limited external learning. The weak internal learning reflects the highly centralised and hierarchical nature of officialdom in Ethiopia and a generalised suspicion of non-government bodies. The new administrative reform, which aims at a general decentralisation to *woreda* level, may weaken these hierarchies, in turn creating new opportunities for internal, lateral and inter-agency learning.

The local-level planning process is fully integrated in the existing governmental structures at the *kebele* level. Planning has focused mainly on infrastructure/service delivery and only marginal attention has been given to livelihood issues, or improved local organisation. The level of participation is consultative and still lacks components for monitoring and evaluation (M&E) and negotiating power at community level. If programme support aims are to move from infrastructure provision to planning that encompasses human, organisational and livelihood development issues, the level of participation must be enhanced.

Capacity-building elements have been related to service delivery, ie strengthening the capacity of programme stakeholders to implement defined activities. Strengthening of the capacity of institutional systems, human resources and networking has been limited. Sustainability in capacity building is threatened by the high rates of staff turnover common at all levels in the governmental administration.

A poverty focus is expressed but not analysed or strategically planned and framed. Baseline information and indicators have still not been integrated into practical tools for support to planning, monitoring and evaluation. The programme could play an important role in linking the Poverty Re-

duction Strategy Paper (PRSP) initiatives with the regional capability to monitor and evaluate local-level effects of poverty alleviation measures. This national to regional link would then capture lessons learnt and elicit needed course corrections.

The programme is fully integrated in existing governmental structures and policy frameworks. This simplifies implementation and ‘integration’ in general, but complicates dialogue regarding lessons learnt and integration of new thinking and new strategies. It is doubtful if the *woreda* focus and the decentralisation reform will provide a platform strong enough to generate new reforms and policy dialogue. Maintaining an open attitude towards critical reflection and change in this context will require decisive strategic design measures together with proactive programme management. Critical reflection on governmental priorities has not traditionally been encouraged in Ethiopia, and a shift in institutional and bureaucratic culture will require a concerted effort.

In the light of this, the case study identified a number of problems in the existing approach:

- The project was not based on a realistic appreciation of the social, economic and political context and could not make full use of the background technical studies.
- The agronomic system and its links with existing markets were not described adequately.
- Critical evaluations and consequent learning by experience were not commissioned.
- The institutional context was not adequately explored with partners.
- There was a lack of wider collaboration, ie CBOs and NGOs both for learning and to develop innovative implementation channels.

Design considerations for area development

The analysis of the ANRS programme suggests the following design considerations for future Area Development Projects:

- Baseline studies are essential not only for understanding impact, particularly for poverty reduction, but also for the course corrections that are part of a process project. However, the baseline studies must be integrated into project design and involve local stakeholders rather than being commissioned by an external team and simply documented in a report, otherwise they will be of limited value.
- A basic description of the agricultural systems is a necessity for a project focused on agricultural production, as well as some apprecia-

tion of the interaction of tenurial, market, climatic and economic variables. Where government intervenes radically in the tenurial and tax regime, the project needs to present beneficiaries with realistic scenarios.

- Effective poverty reduction will not occur unless this is designed into the programme at its inception. The argument that ‘since the whole region is poor, poverty analysis is not required’ is inadequate; beneficiaries should still be segmented, and different strata should have different strategies. Broad, vague perspectives on poverty do not provide a basis for M&E and learning.
- Much greater consideration of likely demographic change and its impact on landholding and access to resources needs to be built into project design where populations are very dense, as in Ethiopia.
- Government policies towards decentralisation and the private sector must be thoroughly analysed in their context. ADP design has to reflect the difficulties related to introduction of new policies in old structures.

Chapter 1

ANRS Case Study

1.1 Introduction

This case study covers fieldwork undertaken by Karin Ralsgård, Dessalegn Rahmato and Roger Blench in Ethiopia in January and February 2002. A closing workshop was held in Bahir Dar on 5 February 2002. Representatives from the Programme Co-ordination Committee (PCC), Orgut-Danagro Consortium (ODC), Sida/Swedish Embassy in Addis Ababa, other donor programmes and local non-government organisations (NGOs) in Amhara National Regional State attended and provided comments and feedback on initial study findings and some key issues. Their comments are incorporated into this chapter¹⁸. Following discussion and comments made at the final workshop in Stockholm on 7 May 2002, this version has further minor emendations.

1.2 Description of ANRS

1.2.1 Planning of Phase I

The Amhara National Regional State (ANRS) programme was intended initially as a multi-sectoral project to increase agricultural production and encourage economic diversification in one of Ethiopia's more densely populated regions. Planning started in November 1995. A Logical Framework Approach workshop involving the region and Sida resulted in agreement of the overall objective of the support programme. In January 1996, the region submitted a plan to Sida for discussion and approval. An inception phase agreement between Sida and ANRS was reached on integrated sector-based activities (core support), initiated in *woredas* in South Wollo Zone (SWZ) and East Gojjam Zone (EGZ). A role seminar was carried out in March 1996 as an additional step in the programme planning, to clarify and agree the respective roles and responsibilities of major stakeholders, Sida, the region and the consultant in future programme co-operation.

¹⁸ Thanks to Stefan Molund and the Swedish Embassy in Addis Ababa for close reading and comments on the initial version.

On request from Sida, the region produced a Concept Paper in June 1996, clarifying guiding principles and approaches to be applied in the programme. Documentation and experiences from ongoing Sida activities – for example Bureau of Planning and Economic Development (BoPED) computer training, library and database management and the Community Empowerment Programme (CEP) – contributed to ideas and proposals for the programme document. Components and activities described were guided by policies and laws already in place, such as the Agriculture Development Led Industrialisation (ADLI) policy and ANRS Five-Year Development, Peace and Democracy Programme (ANRS 1997).

Between January and June 1996, nine technical studies were carried out as input into the programme document. These were:

- Livestock Management
- Agricultural Extension and Training
- Natural Resources, Demography and Socio-Economics
- Agricultural Research
- Rural Roads
- Gender Issues
- Local Institutions and Social Organisations
- Agricultural Marketing, Input Supply and Credit
- Economic Diversification.

This intensive and costly exercise should have been crucial to the conceptual underpinning of the ANRS programme. Variable quality and underlying political priorities at odds with the findings of these studies meant that many of the insights from this research were never used. The formulation of the Concept Paper seems to have shifted the planning process away from their findings and recommendations towards general support to existing official development strategies. Programme objectives were now framed in the terms of the ADLI and the region's five-year development programme strategy:

- Raising agricultural productivity
- Conservation of the natural-resource base
- Creating an enabling environment for socio-economic development
- Reducing poverty.

Strategies for reducing poverty were:

- To intensify smallholder agricultural production in order to raise productivity, profitability and food security
- To promote diversification of the economy by processing of agricultural products and by creating employment through industrial and service sectors.

The final programme document was submitted to Sida in September 1996 for appraisal and a revised version was issued in November. In January 1997 the decision was made to proceed with the preparation of programme components on which agreement could be reached, and to study other components in further detail. Implementation of Phase I began on 1 April 1997.

Table 1 shows the core support topics suggested in 1995 and the activities eventually outlined in 1997:

| Table 1. Specific activities developed in the planning phase, December 1995–April 1997 | |
|---|--|
| Woreda core support topics December 1995 | Specific activities in Programme Document 1997 |
| Agriculture and natural resources | Sustainable agricultural production, on-farm research, soil and water conservation (SWC) |
| Education | Material support and maintenance of buildings |
| Health | Material support and maintenance of buildings |
| Water | Water posts and water committees |
| Rural roads | Feeder roads, roads upgrading |
| Rural non-farm activities | Business development training and rural credit |
| Small-scale irrigation | Seed multiplication, seed sector support |

The mix of activities made heavy demands on programme management capacity. Planning and implementation of service delivery were to be coordinated with the development of complex production systems and non-farm income generating activities. Key elements included:

Institutional strengthening/ support to different technical bureaux

Specific support was planned for sector bureaux with the aim of strengthening their capacity in priority areas, ie environmental monitoring with Bureau of Agriculture (BoA), gender at Women’s Affairs Office (WAO), management under BoPED and Agricultural Co-operatives Affairs Office (ACAO). BoPED was selected as lead institution because:

- It is the lead institution to support the regional government’s policy-making functions, ie policy analysis, monitoring and evaluation (M&E) and impact assessment.

- It has a long-term goal to establish an information centre for the region by hosting a library and documentation centre and by establishing a database on natural resources, demography and socio-economics.

BoPED's Programme Co-ordination Unit (PCU) also became fully responsible for the overall co-ordination of the support programme and as a sector-neutral institution overseeing the decentralisation process of *woredas*. Implementation responsibility was delegated to the *woredas* to implement the core activities and the relevant sectoral bureaux for supporting activities.

Sida's earlier support to the region through the Community Empowerment Programme in development of local-level planning methodology (community participation workshops) and training of community facilitators (community empowerment methods) had been phased out, but Sida hoped that the *woreda*-based activities would draw heavily on the methodology developed during CEP.

Woreda Development Fund: core activities and support activities

The role of the Woreda Development Fund (WDF) was to increase woreda administration resources for social and infrastructure projects. These projects would be based on needs identified by community workshops, with special attention to vulnerable groups, including women. Both individual and communal requests should be encouraged and supported. A rural credit scheme, managed by the Amhara Credit and Savings Institution (ACSI) would provide additional resources for household investments. There was also support to Subject Matter Specialist teams at zonal and *woreda* level for training, on-farm research, transport and equipment. Sustainable agricultural production included support to sectors such as agricultural research, rural extension/training and livestock within BoA, plus support to rural roads, agricultural marketing/seed sector and economic diversification headed by the Bureau of Trade and Industry (BoTI).

There were major institutional shifts during programme implementation April 1997 – December 2001. Small-scale irrigation was added as a component in the second half of Phase I. The Regional Agricultural Research Co-ordination Unit (RARCU) was replaced by Amhara Regional Agricultural Research Institute (ARARI). ARARI developed a 20-year research master plan and was eventually established as an independent unit outside BoA. The Regional Micro and Small Enterprise Development Agency (REMSEDA) was established by ANRS in 1999, as an organisation responsible for promoting and assisting micro and small enterprises and is now gradually expanding to zonal and *woreda* level. The training and extension component was split into two: training gradually shifted towards upgrading the Woreda Training Centre to college level,

while agricultural extension remained at BoA with activities related to ‘extension and communication services’.

1.2.2 Planning of Phase II

The planning of Phase II was halted during the Ethiopian–Eritrean war and resumed with the end of Phase I in December 2001. Six subsequent six-month contract extension agreements were settled before a greatly expanded Phase II, now named Sida Amhara Rural Development Programme (SARDP), began in January 2002. The overall development objective is in principle the same: ‘To improve the livelihoods of the communities through sustainable increase in agricultural productivity, natural resource management, economic diversification, and through promotion of good governance and equitable development’.

Table 2 shows the major design elements of Phase II as they evolved during the planning process:

| Table 2. Major shifts during planning Phase II: October 1999/March 2001 – September 2001 | |
|--|---|
| Woreda core support Proposed March 2001 | Phase II Programme Document, September 2001 |
| 1. Infrastructure projects: Road construction, maintenance, rehabilitation Rural water supply Irrigation structures Physical soil conservation structures Rural buildings | 1. Infrastructure projects: Village road construction Water supply and water harvesting – SWC Furniture, equipment, maintenance |
| 2. Sustainable agriculture production, extension and communication services, on-farm research | 2. Agriculture support, farm models extension evaluation, seed stores, veterinary clinics |
| 3. Rural credit | 3. Rural credit |
| 4. Social organisation: Capacity building Training M&E | 4. Institution and capacity building: Training, gender, family planning, HIV/AIDS prevention Training in project management Training in financial administration Training in participatory planning, M&E Training on environmental impact assessment |

Photo: Karin
Ralsgård



The *woreda* is strongly emphasised as the focal point for programme support in Phase II with a *woreda* development fund and administrative and managerial support to pilot *woredas*. A local microfinance credit component is managed through ACSI, and Subject Matter Specialist teams at zonal and *woreda* level receive support for training, on-farm research, transport and equipment. Sustainable agricultural production includes various sectors: agricultural research, agricultural extension and livestock within BoA and also support to rural roads, agricultural marketing/seed sector and economic diversification (BoTI; REMSEDA; ACSI). Credit-based input delivery will be used to encourage the adoption of new technologies.

The Phase II design document proposes new components and good governance elements:

- Population and demography issues in the Population Department at the Bureau of Finance and Economic Development (BoFED) to be closely linked to the poverty reduction strategies outlined in the Poverty Reduction Strategy Paper (PRPSP)
- Enhanced promotion of gender equality within the WAO
- Decentralised planning, ie links between local- and central-level planning and a strategy development systems Public Investment Programme with BoFED to be tested in SARDP pilot *woredas*
- Urbanisation policies and municipal reform strategies
- Environmental protection, land administration and land-use issues: selected *woredas* to be used as pilot sites in developing rural cadastral

and land administration systems to give farmers registered property rights

- Strengthened judiciary through production of training and information material, procurement of literature and equipment and through construction and equipment of *woreda* court offices
- Amhara Radio – investment in one medium-wave transmitter, radio studio, technical equipment and vehicles.

The programme will continue to support BoFED in Phase II. The PCU will operate in accordance with established administrative and financial procedures and be closely attached to BoFED and its sub-units in EGZ and SWZ. The appointed programme director will report directly to the Head of BoFED. Further, a monitoring database will become an integrated part of BoFED's Integrated Planning Information System (IPIS). Programme support is expected to develop and maintain IPIS, including system operation, training and hardware maintenance. In addition, the programme in Phase II will finance independent evaluations and the development of an impact evaluation plan, using IPIS for data collection.

The striking feature of this expansion is the diverse, even haphazard, nature of the activities, many of which are concerned either with public goods or with urban issues. Independently, many of these components are well justified and synergies could emerge, for example, between urban and rural initiatives. There is little evidence, however, that these links are being analysed and operationalised. Many of the strategic planning structures were included in Phase I, but were not effectively implemented. There is no evident response in Phase II to the obstacles that led to the earlier poor performance and the focus on service delivery is similar in both phases. Phase II lacks the process design features to open questions related to management and capacity-building objectives. In sum, the complex issues on the development agenda will be even more difficult to address as the unwieldy nature of the programme increases and as existing dysfunctional elements are not addressed.

1.3 Field methods

The study builds on three main elements: documents, interviews with key stakeholders and a quantitative interview schedule of beneficiaries (interviewees numbered 117). Interviews with programme target groups (farmers, vulnerable groups, private-sector representatives and technical and managerial staff at government levels) were carried out and included representatives from institutions and organisations directly and indirectly involved in development in ANRS, as well as NGOs and other donor projects. The most relevant regional institutions in ANRS were covered

together with their technical and administrative links to the zone and *woreda* levels in East Gojjam and South Wollo. In the two zones, two pilot *woredas* were selected, each with several years of programme intervention experience. One to three *kebeles* were selected from the *woredas* – a total of eight *kebeles* were involved (see Appendix 1. Glossary). Figure 1 shows the locations of the ANRS programme.

Figure 1. Ethiopia, showing ANRS project areas



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Chapter 2

The Ethiopian Context

2.1 Recent history

Ethiopia was a highly centralised monarchy until the early 1970s when the Emperor was removed and control fell into the hands of the revolutionary Marxist regime, the Derg. Continuing insurrection in the regions and a decade of warfare in the 1980s resulted in extreme running down of national resources and infrastructure, as well as isolation from the major donors. The fall of the Derg in 1991 has been followed by a decade of increasing stability and reform under the Federal Democratic Republic of Ethiopia, although the border war with Eritrea in 1998–9 was marked by a suspension of aid by some donors.

Continuing insecurity conjoined with a troubling demographic situation has created a country permanently on the edge of a food security crisis with a severely degraded environment. With a population of more than 67 million projected for 2002 (Central Statistics Authority 1999) and a land area of 1,127,000 square kilometres, Ethiopia has a very high average population density (59 inhabitants/km²) in relation to most other countries in Sub-Saharan Africa. It is one of the poorest countries in the world, ranked 171 out of 174 (UNDP 2000), reflecting its low per capita income and a deteriorating food security situation. Average food supply per day and per capita is between 1,600–1,700 calories, only 70% of estimated requirements (World Bank 1999). The national economy is primarily agrarian, yet agriculture as a share of GDP has fallen from around 65% in 1960 to around 45% in 1997 (World Bank 2000b). Nevertheless, agriculture accounts for 85% of all exports and 80% of total employment, implying very low returns to labour. Moreover, increases in agricultural production have consistently failed to keep pace with population growth. High rates of labour absorption in agriculture, low growth rates in land productivity and stagnant labour productivity only increase demand for arable land. As land reserves in the Ethiopian highlands are extremely scarce, prospects for the ecological sustainability and the economic viability of current agricultural practices are poor (UNDP 1997).

2.2 Demography and population composition of the ANRS

Amhara Region has a high and rapidly growing population, even by African standards. Based on the 1994 census figures, the population is projected to double from 14.13 million in 1995 to 28.6 million in 2015 (Central Statistics Authority 1998). In the same period, the rural population will reach 24 million. There will, in other words, be twice as many farmers in 2015 as in 1995. Moreover, approximately 44% of the population is below 15 years of age. The ANRS is the least urbanised region in the country, with only 9% of its population now living in urban centres, far below the national average of 15%, and Ethiopia is among the least urbanised countries in the African continent. Table 3 shows the projected growth of population between 1995 and 2025.

| Year | Urban | Rural | Total ('000,000) |
|------|-------|-------|------------------|
| 1995 | 1.31 | 12.82 | 14.13 |
| 2000 | 1.68 | 14.62 | 16.29 |
| 2005 | 2.10 | 16.53 | 18.63 |
| 2010 | 2.63 | 18.55 | 21.18 |
| 2015 | 3.27 | 20.65 | 23.92 |
| 2020 | 4.03 | 22.78 | 26.80 |
| 2025 | 4.91 | 24.85 | 29.76 |

Source: 1994 Census (Central Statistics Authority 1998)

The present production system cannot possibly support these numbers, and projected growth rates suggest the likely future direction of the region. Already, population pressure has forced farming households to bring under cultivation land in fragile ecosystems, as well as pasture land, with damaging consequences to the environment and to the livestock economy. Resource depletion will continue on a much greater scale as the carrying capacity of the land gradually declines. There is an ongoing decline in soil fertility due in part to erosion, in part to continuous cultivation and in part to lack of soil enrichment technology. Deforestation has led to the drying up of streams, springs and other water sources.

The Amhara Region is one of the poorest in Ethiopia, and Ethiopia one of the poorest countries in the world. Poverty indicators appear to have worsened since the 1980s: some 57% of the population is considered poor according to government figures, and food poverty is at 61% (World

Bank 2000b; Central Statistics Authority 2001). Life expectancy in the mid-1990s was 50.7 years in rural areas and 53.6 years in the towns. Long-term malnutrition is high, judging by measures of the nutritional status among children: 57% of children in the region are stunted. Table 4 shows comparative mortality and malnutrition data for the five largest regions in Ethiopia.

| Region | Life Expectancy | Infant Mortality | Child Mortality | Stunting | Wasting |
|-------------|-----------------|------------------|-----------------|----------|---------|
| Tigray | 49.5 | 123 | 182 | 55.3 | 11.1 |
| Amhara | 50.8 | 116 | 170 | 57.0 | 9.5 |
| Oromia | 50.4 | 118 | 173 | 47.0 | 10.4 |
| South Reg | 48.6 | 128 | 189 | 55.4 | 11.8 |
| Addis Abeba | 58.4 | 78 | 109 | 26.8 | 4.2 |

Sources: Central Statistics Authority 2001 (main source); World Bank 2000b (reworked figures)

Note: Infant: under one year. Child: under 5 years. Mortality per 1000.

The population is almost entirely Amhara in ANRS, with some Argobba, Oromo and other groups in pockets in the south and east. Although the Amhara are historically Orthodox Christians, there is a strong Islamic influence in the ANRS region. Many villages, especially in the Dessie area, are Muslim and in some *woredas* the population may be more than 50% Muslim. Lifestyles and production systems are very similar and historically the two groups have enjoyed good relations.

Amhara society has a strongly patriarchal ideology but economic realities have functioned to give women more power in decision-making than would otherwise be the case. In rural areas, pressure on women to marry is high and widows remarry rapidly. Female-headed households are therefore quite rare in theory and probably transitional. However, because of the high levels of labour migration, AIDS and until recently, warfare, households headed by women in practice are quite common. In reality, many women make key decisions about farming and marketing of agricultural products, although these may be conventionally attributed to their husbands. Women can also take part in community-based organisations which provide important social insurance against labour shortages on the farm and make available credit for exceptional expenses. This indicates the importance of analysing gender issues in devising interventions to address low productivity on farms; this is not the same as supporting centralised offices of Women's Affairs.

2.3 Agricultural economy in the ANRS

With an area of over 170,000 square kilometres and a population of over 16 million (Central Statistics Authority 1999), the Amhara Region is the second largest in Ethiopia. It comprises a wide diversity of agro-ecological zones, ranging from the hot and arid to the cold, sub-moist zones. The land use and land cover of the region is similarly varied; however, the expansion of agriculture and the increasing need for grazing has contributed to a high level of degradation of the vegetation. About 55% of the land is under cultivation and the main farming system is cereal cultivation. Conversely, less than 1% is forest cover. Most of North Shewa, Wollo (both north and south), Wag Hamra and Gondar are dominated by rugged and mountainous landforms where hill farming is common. Soil erosion is prevalent and constitutes the main cause of soil fertility decline. According to some sources (Mesfin 1991; Dessalegn 1991), some 42% of land in the region is subject to moderate to high rates of erosion. However, the region has considerable water potential, falling within three main river basins: the Abbay (Blue Nile), the Tekezze, and Beshilo-Awash Basins. Despite this, only a small percentage of the land is under irrigation at present.

Basic infrastructure such as roads, electric power, communications and water supply are little developed. Whilst air transport links the main cities with Addis Abeba, the road network for the most part is in poor condition. Of the 114 *woredas* in the ANRS, many are inaccessible by road for most of the year. The majority of *woredas* and medium-sized towns have no electricity or telephone service. A feature of the Ethiopian economy relevant to farmers' strategies is the central importance of Addis as a market for grain and other crops. With a population of between three and four million, Addis is far larger than any other regional town. Given the poor access conditions, this makes the economics of cash-crop production highly unfavourable for most farmers.

The ANRS consists predominantly of smallholders growing cereal crops with low levels of external inputs. The main crops grown are *teff*, barley, sorghum, maize, wheat, pulses and oilseeds such as *noog*. A combination of land degradation, land fragmentation and shortage, and population pressure has further depressed household food output and productivity¹⁹. Average farm plots are already small and are decreasing still further in size. Per capita food production is low and declining and is now estimated to be 105 kilograms per annum. Periodic food crises and major famines have had devastating effects on the farming population in North

¹⁹ This is not necessarily the case for Ethiopia as a whole; intensive systems in some regions are, somewhat ironically, supplying a grain export trade.

Shewa, all of Wollo, Wag Hamra, and North and South Gondar since the 1960s.

The two zones where the ANRS operates – East Gojjam and South Wollo – differ considerably. East Gojjam is less densely populated than SWZ and has higher potential; South Wollo has a very high-density population and is semi-permanently in food deficit.

In East Gojjam, income generation through the sale of cash crops (including trees) and livestock has increased in importance in the last decade. Cereal productivity has generally increased in the last five years due to greater use of improved seeds and fertiliser. Profits from cereal production are however now decreasing and farm households are facing great difficulties in paying back their input credit. Two to three months of food shortage seems to be a quite normal situation in the East Gojjam pilot *woredas*. Labour migration has been a coping strategy since 1980 but the proportion of households depending on it has recently increased.

In South Wollo, cereal production (sorghum, wheat and barley) has a decreasing importance in the farm household economy. Land fragmentation together with land degradation reduces the possibility of sustainably feeding the household from crop production. Only a small percentage of the land in the zone is under irrigation. Regular food aid is a part of the household economy; food for work and labour migration are widespread coping strategies.

2.4 National policy

Following the fall of the Derg in 1991, the new government took a radical position in rebuilding the economy. Accordingly, a New Economic Policy was adopted in November of that year.

The major objectives were:

- Changing the role of the state in the economy
- Promoting private investment
- Promoting popular participation in development
- Involving regional administrations in economic management through decentralisation
- Mobilising external resources to support the development efforts of the country.

This new era of policy objectives should be seen together with the overall trend towards regionalisation, and eventually, the creation of a Federal Republic. Decentralisation has been implemented amid prevailing his-

torical and cultural norms that emphasise strong central power, hence a discontinuity between stated objectives and ground realities.

The government's Five-Year Development Programme (1997–2001) concentrated on three thematic areas:

1. Eradication of poverty through accelerated rural-centred growth
2. Consolidation of peace and participatory democracy
3. Capacity development for economic management both at the federal and regional levels.

The long-term development strategy, Agriculture Development Led Industrialisation (ADLI), was adopted 1994/95–1996/97 to transform the structure of the economy so that the relative weight of agriculture, industry and services would shift significantly towards the latter two components. ADLI revolves around productivity improvements in smallholder agriculture and industrialisation, based on utilisation of domestic raw materials with labour-intensive technology. The contribution of agriculture to economic development is two-pronged. On the one hand, it supplies commodities to domestic food markets, domestic industries and for exports, and on the other, it will expand the market for industrial outputs.

The development of smallholder agriculture is envisaged proceeding in three sequential stages:

1. The improvement of traditional agricultural practices
2. The development of agricultural infrastructure, such as small-scale irrigation and the introduction of modern agricultural inputs: chemical fertilisers, improved seeds, pesticides etc
3. The shifting of the rural labour force away from the farm, which paves the way for productivity improvement and the easing of population pressure on rural land.

The agriculture sector policy and strategy (1997–2001) identified the following priority areas:

- Provision of modern agricultural inputs
- Credit and extension services to the farmer
- Promoting conservation-based agriculture
- Development of small-scale irrigation
- Improvement of the country's livestock resources
- Development of efficient markets
- Promoting private investment in large-scale modern farming

- Strengthening of need-based agricultural and applied research.

To translate the policy into action, a new extension programme has been designed and implemented: Participatory Demonstration Training and Extension System (PADETES).

An important element of national policy as it affects the smallholder is the tenurial system. With the takeover of the Derg in the 1970s, the old landlord system, which was essentially feudal, was dismantled and replaced by a more equitable landholding system. However, at the same time, government became the ultimate owner and arbiter of land, and its exercise of that power increased smallholder perceptions of insecurity of tenure. Major land redistribution exercises in 1991–2 and 1997–8 have inhibited the evolution of large-scale farms and deterred smallholder investment in long-term crops, notably trees, and slow pay-back investments such as soil and water conservation.

Chapter 3

SL Analysis

3.1 Livelihoods portfolio/diversification

To answer key questions concerning the sustainability of the ADP, as well as giving insights into learning and capacity building, the consultants proposed that SL analysis be used. The study therefore explores the pattern of changing livelihood options in the ANRS programme pilot zones and the extent to which these could be attributed to the introduction of innovative local-level processes. One of the main elements in securing livelihoods is *income diversification*, which in turn creates additional protection against risk. The primary rationale of diversification is vulnerability reduction, improving the access of poor households to a broader range of investment opportunities, goods and services such that they can better withstand environmental and economic shocks.

The major effort to encourage income diversification among the farming community has been through the savings and credit programme managed by ACSI, who provide microfinance to the poor in rural areas. ACSI employs a Grameen Bank-type model: it provides group loans and the group is responsible for ensuring that individuals repay. Loans enable borrowers to invest in productive activity rather than household consumption, although most loans are small even for rural Ethiopia. In East Gojjam, nearly 80% of the loans were invested in agriculture-based activities, including livestock raising, horticulture, beekeeping, and food and beverage making; the rest was used for petty trade and improving handicrafts.

In the rural communities of EGZ, the gaps between income strata appear to be widening. Wealthier farmers can pay for agricultural inputs in cash and also have the means to invest in intensified and diversified production. They are not caught in a repayment trap and can sell surplus production at optimal times; it is therefore worth their while to rent land from others. Other groups of farmers are gradually selling assets such as livestock or trees and renting their land out, either because of problems with debt repayment or low farm productivity. Increasing numbers of the latter group are turning to labour migration. In Libanos *kebele*, farmers estimated that 300–400 persons (of 1,500 households in the *kebele*) went away on wage labour every year. In Yenech *kebele* (1,030 households), 300

were said to depend on migration (these estimates were also confirmed by the field survey findings in Section 3.4.1, Goods and services). Migrants sometimes stay away up to five months (October–April) and the women and children left behind must sustain themselves through production of charcoal and dung-cake sales at local markets.

In contrast, farmers in SWZ maintain a low-risk and low-input production strategy. Few buy crop production inputs and few would take credit for that purpose. Cattle are the preferred investment, but due to increasing feed problems there is a shift in interest to small ruminants. Farmers have ambitions to begin small-scale irrigation, to intensify vegetable and potato cultivation or to start petty trade in consumables or cattle. Others see opportunities in improving their skills as carpenters, water-post constructors, forest guards, improved stove producers etc. However, labour migration is also increasing, suggesting that the potential for *local* diversification remains slight. Despite active support for economic diversification by government programmes and ACSI credit, its actual contribution to the rural household economy is meagre. Food aid and food for work are also established as important elements of livelihoods portfolios in SWZ.

Farmers in EGZ are more integrated with the market and therefore increasingly vulnerable to grain price fluctuations. The market has somewhat less impact on the subsistence and food-aid supported systems in SWZ. Whilst farmers in EGZ sell assets to settle debts, farmers in SWZ sell assets to buy food. The same trend is however found in both zones: less capital, decrease in production, greater vulnerability and increasing food insecurity.

Economic diversification sometimes seems to have become a mantra, as *the* solution to the problems of impoverished rural areas. But no strategy succeeds without a sophisticated appreciation of the socio-economic matrix in which it is embedded and it is not clear that the ANRS programme addresses this adequately. Diversifying within agriculture remains a relatively ineffective strategy compared with moving into other sectors, as crises within the sector leave households still vulnerable.

The other major element in economic diversification is the urban sector. Strong links with an expanding and vigorous urban economy provide a much greater range of opportunities for the rural population, but support for improved links between the urban and rural economy are virtually absent from the ANRS programme. Even where efforts are made, creating such links will not be easy. Urbanisation is underdeveloped in the ANRS and its towns have not acted as a magnet to the rural population for lack of employment opportunities. Land tenure policy inhibits large-scale migration out of the rural areas, while urban–rural links are seri-

ously constrained by inadequate power, telecommunications, roads, and water and sanitation.

3.2 Vulnerability

One of the key aspects of the sustainable livelihoods approach is its emphasis on reduced vulnerability at both household and individual levels. Vulnerability can be expressed in terms of food security, climatic variability, threats of violence and civil disarray, and drains on household resources through long-term sickness. Results from the survey clearly indicate that personal safety is not a major issue in the rural communities in Ethiopia. This contrasts to the insecurity on major roads experienced by transport companies and private drivers. An increased vulnerability to market fluctuations, taxation and credit policies is however emerging.

3.2.1 Food security

Food insecurity has marked Ethiopian history for many centuries, but since the fall of the Emperor it has become a perennial feature of the agricultural landscape. War and insecurity played a key role up to 1991 in ensuring that food aid would become institutionalised, and this has persisted up to the present day as output becomes evermore uncertain. The government's strategy for increasing agricultural productivity ignores differences in farming systems arising out of ecological variations, as well as adaptive responses to vulnerability. The core programme consists of a package of modern inputs and cultivation practices offered to all farmers with limited differentiation in vulnerability profile, ecological setting or resource endowment. The ANRS programme has made little provision to tackle the problem of food security that is most pressing in South Wollo. Intensification of crop production based on high levels of farm inputs is not a sustainable solution on marginal land in a high-risk environment.

In the field survey, farmers were asked about food security today compared to five years ago. Table 5 shows farmers' perceptions of the changing situation, comparing SWZ and EGZ.

| % | Worse | No change | Better |
|-----|-------|-----------|--------|
| SWZ | 32 | 20 | 48 |
| EGZ | 41 | 30 | 29 |

This seems a rather paradoxical result: farmers are more positive in SWZ where the potential for food production is objectively worse. In SWZ, almost all respondents (95%) had received food aid in the last five years and

it seems likely that this appreciation reflects more the increased efficacy of the food-aid delivery system rather than genuine brightening prospects. Indeed, natural disasters are common in South Wollo: localised environmental shocks affect one or more *woredas* in Wollo almost every year; farmers in the *degga* (highland) areas of SWZ who depend only on one harvest a year, have to contend frequently with frost; *belg* producers are highly vulnerable because they have no other source of food except the one harvest. In East Gojjam however, such disasters are infrequent, although the *degga* areas are subject to some level of drought, flooding and landslides.

Many *kebeles* in East Gojjam are relatively less vulnerable than those in Wollo due to better climatic conditions, though the *kebeles* in the *degga* areas continue to suffer food shortages and deterioration of income sources similar to those in Wollo. There are strong indications that East Gojjam is heading in the direction of Wollo as soil fertility declines, incomes become depressed, land holdings become smaller, and the ability of the farming population to maintain existing levels of agricultural production is diminished. The 2001 harvest in much of EGZ was good, but grain prices were depressed due to increased supply in the market while fertiliser prices were high. Farmers had to pay their input loans immediately after harvest, which meant that they had to sell grain when prices were low. Table 6 shows how grain prices in EGZ have gradually fallen since 1997, while DAP fertiliser is becoming more expensive:

| Production Year, Price Birr/Quintal | | | | | |
|-------------------------------------|------|------|------|------|------|
| | 1997 | 1998 | 1999 | 2000 | 2001 |
| Cereals | | | | | |
| Teff | 165 | 179 | 203 | 200 | 128 |
| Wheat | 154 | 146 | 190 | 177 | 82 |
| Barley | 137 | 134 | 196 | 195 | 97 |
| Inputs | | | | | |
| DAP | 253 | 260 | 277 | 278 | 283 |
| Urea | 238 | 234 | 188 | 192 | 212 |

Source: BoA, Bahir Dar, 2002 – unpublished data

Government policy is to collect not only input loans but also taxes and other financial obligations from farmers immediately after the harvest. This compels farmers to sell grain when the market is full and prices are depressed, thereby benefiting grain merchants and urban consumers.

The combination of low grain prices and high input and other prices has been devastating to farmers in EGZ where 57% of the survey respondents said this was the reason for decreasing food security. Because grain prices are so low, farmers have been selling their livestock to meet their obligations.

Woreda officials in East Gojjam expressed concern about these unfavourable terms of trade, which has been a drain on the local economy for some time. Logically, increased output in EGZ should improve food security, but this does not always automatically follow. When prices for farm products are seasonally low, because high volumes are coming onto the market, a household will have to sell a much greater proportion of its harvest to pay back loans and meet tax and other financial obligations, thereby depleting its overall stock. Both cash and food reserves are thus lower than before input credit became widespread and the capacity of a household to buy back grain at the end of the season thereby reduced.

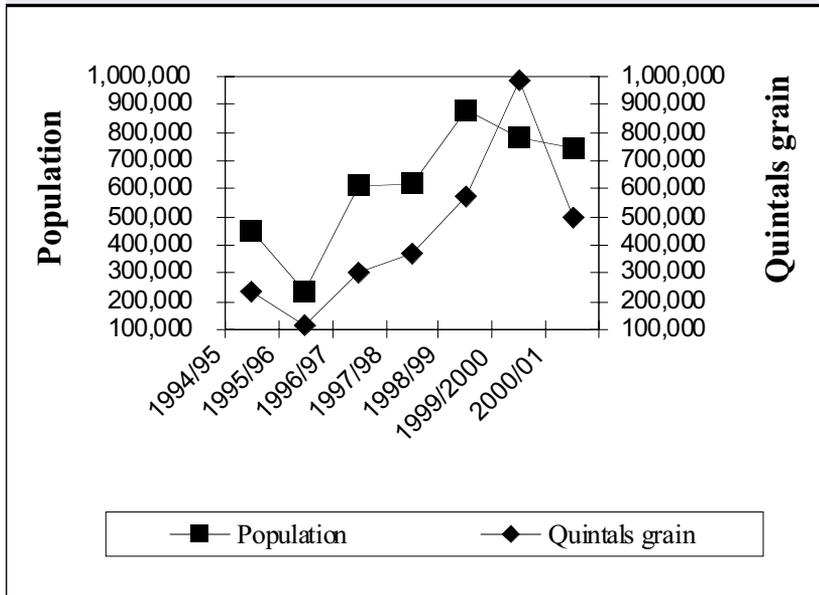
According to Disaster Prevention and Preparedness Committee figures (DPPC 2002), 2.13 million people in the ANRS received relief assistance in 2001; another 0.9 million were considered to be on the margin of subsistence and needing close monitoring. Both groups are highly vulnerable, but DPPC has made the decision that the first group are more vulnerable than the second. Government officials and NGO staff at the zonal level in East Gojjam and South Wollo considered that there has been increased food insecurity in the last five years. Figures for food-aid recipients show that food aid has been distributed in all 16 *woredas* of SWZ since 1994. Table 7 and Figure 2 below show the population of South Wollo reliance on food aid from 1995 to 2001. In 2001, more than 30% of the rural population received food aid.

Table 7. Food-aid recipients, South Wollo, 1994/95 – 2000/01

| Year | Population | Grain (in quintals) |
|-----------|------------|---------------------|
| 1994/95 | 449,986 | 236,679 |
| 1995/96 | 237,000 | 115,854 |
| 1996/97 | 607,564 | 303,746 |
| 1997/98 | 616,486 | 372,504 |
| 1998/99 | 876,466 | 574,155 |
| 1999/2000 | 785,864 | 984,688 |
| 2000/01 | 745,400 | 500,484 |

Source: DPPC 2002

Figure 2. Population and food aid in South Wollo since 1994



Food aid is distributed to communities in two ways. Government policy is that food aid should not be handed out indiscriminately for fear that this will encourage dependency. Recipients have to earn the food through Employment Generation Schemes. *Woreda* and *kebele* officials are expected to prepare off-the-shelf work plans to be carried out by food-aid recipients. Often, this involves soil and water conservation, repairing roads, schools etc – activities similar to those promoted through the WDF. Only the elderly, the sick, the infirm and mothers with infants can receive free handouts. NGOs and others who are undertaking programme activities employ poor and needy farmers and pay them in kind. There are now pilot schemes in South Wollo where cash-for-work has been tested. *Woreda*-initiated programme activities, including those supported by the programme, involve the mobilisation of farmers contributing labour and materials for free. On occasions, farmers are also expected to make cash contributions.

Famine struck South Wollo in the mid-1960s, mid-1970s, and mid-1980s, as well as intermittent localised food crises affecting much of the farming population. It was however prevented during the 1999 food crisis by timely delivery of relief assistance in which the donor community, NGOs and government played an active role. Over 40% of the rural population was dependent on food aid in this and the following year. In 1995, the government issued a new policy on disaster preparedness and prevention with a structure extending down to the *kebele* level. Since then, relief as-

sistance has been provided before many deaths could occur and before many people flee their homes in search of food. However, food aid still often arrives *after* farmers have exhausted their coping mechanisms as well as their assets. In this way, food aid that targets exclusively humanitarian needs in times of famine leaves farmers unable to recoup their assets and the net result is that farmers become progressively more vulnerable after each crisis. DPPC officials are concerned that while the new policy may have succeeded in preventing deaths and mass migrations, food crises are becoming a structural problem and today food aid is also trying to address this problem.

HIV/AIDS will probably soon grow to be a major factor in livelihood vulnerability. No reliable data is available for the extent of HIV infection in the rural areas, but national estimates suggest something like 10% of the population may be HIV-positive. Its impact is already appearing in South Wollo. The victims are typically men in the economically active age group of 20–50, who migrate for work. One source estimates that the rural areas of the country may have already lost 5% of their active agricultural population (ANRS/Sida Co-operation in Rural Development/SARDP 2002). Productive assets are frequently sold off to care for the sick and the loss of labour inevitably has a serious impact on agricultural production, income and family well-being. The Phase II programme document includes funding for a programme of activities focusing on family planning and HIV/AIDS prevention. Whether this will make a significant impact in the programme *woredas* remains to be seen, but AIDS programmes in Africa do not have a very good record despite regular reports of ‘success’.

3.2.2 Land tenure

Land tenure for individual households in ANRS is not secure due to recurrent land redistribution. According to the policy of both the Federal and Amhara Regional Governments, anyone living in the rural areas aged 18 years and over has the right to a plot of land, regardless of whether such a person is living with his/her parents or by his/herself, married or unmarried. If such a person does not have land, he/she is considered landless. This complicates long-term investment on allocated land. The principle of providing every rural household with land is deeply rooted in the administration, and newly established households expect to get their share once they settle. There is also pressure to allocate land to other vulnerable groups ie, displaced returning soldiers and resettlers from other parts of the country.

Farmers with more favourable financial circumstances now sometimes rent land from local institutions or other farmers. Few own more than 2–3 hectares, and farmers generally feel that fragmentation has severely

affected agricultural production. The 1997 land redistribution was also carried out in South Wollo, although in some *kebeles* there has been no redistribution since 1987, during the Derg – individual lots were already so small that it was not possible to carry out further redistribution in 1997. At that time, resettlers and the displaced were allocated a maximum area of two *oxendays* (0.5 ha), whereas others got a minimum of four *oxendays* (1ha). The situation today is that many households are ‘extended’, meaning that sons with their families live in their parents’ households and are sharing the land. Whilst 43% of agricultural households in East Gojjam have 1 hectare or less of annual cropland, in South Wollo the figure is 73 % (Central Statistics Authority 2000b).

Woreda officials interviewed were firmly convinced that redistribution has benefited the landless, the poor, and women, and that the impact on agricultural production was positive. The importance attached to central government policy is such that it would be difficult for them to express any other opinion, whatever the empirical evidence. Farmers and many expert staff do not share their optimism, and several households interviewed said they could sustain themselves on the land they had before the latest distribution, but now it is impossible. Farmers are rightly apprehensive that there will be further redistribution and loss of family holdings as a result. Insecurity permeates farmers’ land-management decisions – the most damaging consequences of which are the fear of making investments on the land and a reluctance to invest in sound land-management practices. Tenure insecurity also inhibits long-term migration out of the rural areas, as government can re-allocate land perceived to be ‘unfarmed’.

The policy of equity regarding rights to land has now led to extreme land fragmentation – family plots are often too small and insufficient for sustained agricultural crop production. In South Wollo, average holdings are below 1 hectare, and in East Gojjam below 1.5 hectares. Poor farmers in the former cultivate 0.4–0.6 hectares of land, and in the latter 1.0–1.2 hectares. Land redistribution has not eliminated landlessness, which was one of its chief objectives. The landless are frequently, though not exclusively, the young who have to postpone marriage because they have no land to support a family. This has forced the *kebeles* to redistribute marginal land, often pasture. Communal pastures are now under pressure and grazing land is becoming scarcer. Consequently, farmers in the *degga* areas of both programme zones are shifting to farming small ruminants in preference to cattle.

This issue exemplifies many of the differences between rights-based and livelihoods approaches. The Ethiopian Government perceives access to land as a basic commitment in its policy towards the rural population. Livelihoods analyses highlight how this ‘right’ actually conflicts with pro-

moting sustainability through long-term investment in land husbandry, and by encouraging migration. Although the question of land tenure has been extensively debated in Ethiopia, research into the differences and potential synergies between rights-based and livelihoods approaches could contribute to putting this debate on a more constructive footing. More simply, optimal subsistence strategies should emerge from a rational description of the agronomic, input and financial environment, if the goal is to enhance livelihoods. Ideology-driven prescriptions for tenure, or indeed any aspect of rural subsistence, are likely only to cause further deterioration in the situation.

3.3 Access to types of capital and income proxies

In the classic SL model, the relative access to natural, social, human, physical and financial capital largely determines both the vulnerability of an individual or household to external forces, and the potential that a household or community has to take advantage of alternative livelihood strategies. The following section briefly reviews the interactions between these different forms of capital, with particular emphasis on the relationship between natural and social capital that the ANRS programme hopes to develop.

3.3.1 Natural capital

Although all households have access to locally managed commune grazing land, these areas are gradually decreasing in size due to land-use change. Some grazing areas in South Wollo are officially classified as upland forest. Forest land is either *kebele*/community managed or government owned. Trees and forest products are generally protected and not supposed to be used by individuals. Farmers collect firewood ‘illegally’ and poorer households also use the wood for charcoal production. More intensive farm-level forestry production is taking place on farmers’ individual small wood lots, in homestead areas, along roads, paths and borders between fields. As a consequence, despite declining livestock numbers in SWZ, grazing quality is not improving.

The major farm asset is livestock. Due to increasing debts after harvest for agricultural input credits, farmers must either sell off cattle or part of the harvest when the price is lowest. Many farmers either have no farm oxen or only one ox; they thus depend on others for ploughing purposes. For cereal producers, small plots and lack of access to animal traction power only exacerbates their poverty.

Many farmers have been trained by the region and by the ANRS programme in new production techniques, such as apiculture, home gardening, poultry, fattening of small ruminants, and tree planting. These new

skills are reflected in the survey as new sources of farm income, but the overall contribution to the farm household economy is still marginal.

3.3.2 Human and social capital

Ethiopia as a whole is highly diverse ethnically and in terms of production systems, but the ANRS region is extremely homogeneous, consisting almost entirely of Amhara. Typically, the Amhara social system is strongly patrilineal, with property inherited by the sons. The feudal system that operated until the 1970s was strongly hierarchical and reinforced by the Ethiopian Orthodox Church. Beginning with the era of the Derg, there has been substantial social fragmentation, with forced population movements initiated by the Derg, increased labour migration and the early break-up of patrilocal households encouraged by the land distribution laws.

Nonetheless, there is still a deeply rooted tradition of social cohesion and mutual self-help. In the Amhara Region, CBOs are indigenous membership organisations, faith based or secular, formed and managed by the members themselves. They include *iddir* (*kirre* in Wollo), *ikkub*, *maheber* and *senbete*. The first is a burial society, the second a rotating savings and loan association, and the last two faith-based organisations that bring people together around a common saint or religious figure. The Orthodox Church is important and its traditions and representatives are highly respected. Islam and Muslim traditions are much stronger in South Wollo than in East Gojjam, and in Legambo *Woreda*, Muslims comprise 95% of the population. In some communities, people form a *debbo*, a labour-pooling device to support each member of the group during periods of peak labour demand, while the *yenbis* (sharing of breeding animals) helps families in restocking. According to the survey, most farmers in the two zones (110 out of 117, or 94%) belong to one or more such societies. CBOs bring people together, regulate community relations, resolve conflicts, and provide support in times of crisis. Most farmers do not have access to institutional credit; ACSI reaches only a small percentage of the rural community and the *ikkub* is the most common source. Some NGOs have made efforts to use CBOs as focal points for programme implementation but in the ANRS programme they have been completely ignored. New social capital in the form of expanded and innovative local-level organisation, such as interest groups and farmers' clubs arrangements, seem to be very limited, indicating that programme claims of empowerment and local-level capacity building do not extend to informal (non-government) institutions. If sustainable development at local level is to be achieved, it would seem appropriate to support the development of local self-help organisations, leadership and an expanding collaboration with various outside organisations.

3.3.3 Income proxies and the growth of financial capital

The conversion of surpluses into financial capital and its expenditure on a range of priority goods provides a useful tool for analysing both increases in absolute wealth and wealth stratification. In the light of this, interviewees were asked about income proxies, that is, their priorities for spending if their income were to increase. Those cited during the survey tended to be typically related to investment in production assets, together with investments aimed at improving basic standards of living. Table 8 shows a comparison between investment priorities in the two zones:

| Table 8. Income proxies for East Gojjam and South Wollo | |
|--|--|
| East Gojjam | South Wollo |
| Intensified and expanded livestock production | Improved physical living conditions (house, food, clothes) |
| Improved physical living conditions (house, tin roof, food, clothes) | Intensified and expanded livestock production |
| Local trade on grain or livestock | Local trade on grain or livestock |
| Small-scale business (milling, shop) | Small-scale business (milling, shop, transport, hotel in town) |
| Agricultural intensification | Agricultural inputs (fertiliser, seeds) |
| Technically advanced farm implements | Religious ceremony |
| Education for children | Pension |
| | Give to poor |
| | Educate children |

Only a few wealthier farmers with relatively larger land plots were interested in intensified crop production investments. Some households in EGZ had plans to invest in expensive items aimed at agriculture, like water pumps and tractors. For others, rural investment based on no or small land holdings meant grinding mills, trucks for transport and start of small-trade business. The great majority still focuses on livestock investments (restocking) and improved living conditions, ie basic needs.

3.3.4 Credit

In a system where outputs depend so heavily on inputs that must be purchased with cash, credit is inevitably a crucial element. There are basically two official credit systems: the service co-operatives and the rural credit and savings service provided by ACSI. The agricultural input credit service provided by the service co-operatives at the beginning of the crop season is not entirely appropriate. The service, whereby a householder

provides a down payment for the input, which must be repaid after the harvest, is flooding the market and thereby depressing prices. Early programme reports and documents repeatedly discuss this threat. The November 1996 programme document, paragraph 7.2.1, states: 'Continuously lower prices in surplus areas could have serious implications for the return on increased use of agricultural inputs and thereby remove the incentive for increased production' (ANRS 1996). One reason given was 'lack of price stabilisation interventions by the Ethiopian Grain Trading Enterprise (EGTE)'. The document recommends 'support to private sector to promote small-scale processing ie expanding the market' and 'to design credit programmes using the crop as a collateral where farmers are not forced to sell directly at harvest'. Sida purchased grain in Ethiopia in 2001 (350,000 quintals at a value of 47 million SEK), indirectly acting as a price-stabilising factor through supporting the DPPC food-aid requests. Despite the discussions between Sida and ANRS during the planning and preparation of Phase I, input credit and grain price relations are now having the predicted negative effect and impoverishing programme beneficiaries. This hardly commends the learning process within the ANRS programme and no remedy is proposed in the SARDP document.

The second credit service supported by the programme is a purely financial rural credit and savings service provided by ACSI, similar to the Grameen Bank credit and savings concept of building on group lending. The most vulnerable groups seldom qualify for this form of group lending. In the survey, 28 out of 117 (24%) interviewees already had some experience of this type of credit. Of those already having some experience 17 (61%) said that their experience was good and that the credit had contributed to expanding activities, whereas 9 (32%) had encountered repayment problems. However, the Grameen Bank concept is 'banking on the poor', whereas evidence in Ethiopia suggests that the poor are effectively excluded. SARDP needs to consider how to reach the poor more effectively.

Although access to monetary credit was low, more respondents in South Wollo (34%) answered that they had some experience compared with only 15% in East Gojjam. The informal credit and saving institution, *ikkub*, is widely used and trusted, although it is poorly regarded by *kebele* leaders and other officials, who thought it was backward and inappropriate and should be replaced.

3.4 Resource flows

3.4.1 Goods and services

The most visible impact of increased access to resources is the flow of goods and services in and out of the rural areas. All the interviewees were asked about the contrast with five years ago in terms of products going out of the village and new items coming in. A majority of interviewees (70%) responded that there was no change either on incoming or outgoing items, confirming the low levels of economic diversification and the limited change in the overall level of economic activity. This is notably in contrast both to Cambodia, where 100% of informants cited new products both coming in and going from the district and Zambia where interviewees had hardly seen any new goods and services.

Table 9 and Table 10 show the new products perceived as incoming and being exported over the last five years:

| Table 9. New outgoing products compared to five years ago | |
|---|--|
| East Gojjam Zone | South Wollo Zone |
| Grain from improved seed | Cash crops (horticultural crops, fuelwood) |
| Potatoes | Oats (<i>wobelo</i>) |
| Fattened livestock | Grain from improved seed |
| Cash crops (horticultural crops and wood) | |

| Table 10. New incoming products compared to five years ago | |
|--|-----------------------------------|
| East Gojjam Zone | South Wollo Zone |
| House-building materials (tin roofs) | Seeds of forages, wheat and maize |
| Improved seed | Household utensils, plastic items |
| Household utensils, plastic items | Food aid |
| | Improved breeds of livestock |
| | Modern beehives |

New incoming goods observed were either related to agricultural production, such as input supply and new products included in the extension packages for model farmers, or in some cases consumables for house and household improvement. The wide range of consumables recorded in Cambodia has no parallel here.

Access to food aid is an advantage that provides some security when households are trying out new activities. 19% of respondents in SWZ said

that food aid in combination with better production or new activities had helped to improve their food situation. This argument is also supported by the findings in a study in North Showa which concluded that food or cash-for-work programmes strengthen not only food security but also the economic status of households because they allow surplus for investment in animals and inputs (Amare 1999).

Labour migration is increasing: in the field survey, 25% of the households answered that household members were away working elsewhere. Labour migration is equally common in South Wollo and East Gojjam. People migrate to local, regional centres and other regions. Some get work as daily labour on vegetable and coffee plantations and stay away several months. Only those who are in the most difficult situations migrate for labour, as wage labour is associated with low status (Amare 1999).

3.4.2. Access/road construction

Access is important for marketing opportunities, for public service improvement and for the flow of communication and information. Major roads tend to provide trade opportunities in similar ways to urban centres. Travellers and drivers buy local products enabling a diversification in income sources and farmers' investments in intensified production technologies.

The ANRS programme is supporting rural roads through two components: support to the Amhara Rural Roads Authority (ARRA) and to the Woreda Development Fund where ARRA provides technical support. The latter is also supported by volunteer labour from the *kebeles*. The strategy Phase II of the programme is to shift ARRA to the private sector. The budget for ARRA's institution building is planned to improve its capacity in contract management, system design and performance evaluation.

Road construction and road upgrading is taking place at many levels in the region. The ANRS programme support to feeder roads and maintenance of inter-*woreda* roads is substantial and has already shown a positive impact on access, especially for outside services reaching rural areas. Villagers state that when they have a feeder road, health posts, veterinary clinics and schools will be better run by staff from the *woreda*. Staff at *woreda* and zone level feel that extension and on-farm research activities can now be better implemented, people in remote areas are more accessible and interaction and dialogue is enhanced. The road maintenance system applied in South Wollo has created off-farm work opportunities (Dessalegn 2000). Rural transport is primarily by mule and by foot – villagers in remote *kebeles* in South Wollo cannot afford to use public trans-

port, not even to go to the hospital in Dessie. Farmers were positive towards the labour opportunities offered for the road construction work but had a limited perspective on the benefits from the road as a means of access to resources and opportunities.

3.5 The private sector

3.5.1 Government and the private sector

In the ANRS Phase I programme document the private sector is identified as one of the primary target groups, along with farmers, rural women and the disadvantaged. Private-sector growth was to provide employment opportunities and help promote economic diversification for the farming population. Nonetheless, it seems that programme activities were based on a very restricted analysis of the functioning of the market and of the policy context.

In the programme *woredas*, the private sector consists of the informal economy, micro-enterprises, and small-scale businesses. The informal sector is made up of hundreds of individuals engaged in petty activities for a living, using the streets and public places. Micro-enterprises are mostly service-based activities often run by families operating out of their homes. Small-scale enterprises include retail trade, small hotels, workshops, small traders in grain, hides and skins and eucalyptus poles, and bakeries; there may also be minor transport operators. More individuals tend to be involved in the local trade in grain and livestock, but only 8% of interviewees responded that trade was a major source of income. Grain moves out from the ANRS in a stepwise trading network starting with the small local mule traders, continued by middle-level traders and finally taken over by bigger traders with large trucks. Almost everything goes to Addis Abeba and there seems to be very little interregional trade and few existing regional or zonal cities with significant market opportunities. Previously, grain and eucalyptus poles from ANRS were sold to Eritrea, but there is now a trade embargo.

Agricultural input supplies are imported from Addis Abeba, together with tin roofing sheets and smaller amounts of consumables. Last year the purchase of fertiliser and certified seed decreased in East Gojjam, while the import value of goods and consumables exceeded the export value of agricultural produce in both zones. There has been a general failure to promote private-sector investment and entrepreneurship in general. With the exception of some significant investment in Kombolcha town (South Wollo), small and medium size agro-processing industries that would have contributed to a decentralised economic growth are still absent, even in one of the 'breadbasket' zones of Ethiopia. Substantial quantities of low-

priced products are exported out of the ANRS and value is added mainly in Addis Abeba.

The main formal institution that represents the interests of the business community is the Chamber of Commerce. There is at present a Chamber of Commerce office in Dessie, Bahir Dar and Gondar. The former two offices are quite weak and ineffective, which businesspeople and Chamber officials attribute primarily to the government's restrictive legislation – a legacy of the Derg regime. The legislation defining the powers and duties of the country's Chamber of Commerce requires that 40% of its board of directors be government officials. The national Chamber of Commerce in Addis Abeba has vigorously lobbied Parliament for a change of legislation, but so far without results. Chamber officials complain that the regional government does not consult them even on issues affecting the private sector. They contend that their organisation is the right one to run training programmes for the business community. Indeed, it seems only proper that once there is a strong Chamber of Commerce, the training of men and women in the private sector should be entrusted to it.

Instead, the Department of Trade and Industry (DoTI) at zonal level has been engaged (with programme support) in a training programme for small- and medium-businesspeople and local artisans for some time now. The training includes short lessons in bookkeeping, business management, and investment laws. Although the benefits of the programme are hard to measure, it is doubtful whether businesspeople have gained significantly from it. DoTI is a regulatory authority – a strange body to run a training programme. DoTI has also been conducting a market survey, the results of which, containing information on prices and supply of commodities in selected *woreda* towns, are broadcast on local radio. There are now plans for BoA also to collect market information which may duplicate DoTI's existing work.

There are few, if any, medium- to large-scale enterprises in *woreda* towns. Such enterprises are located in much larger towns such as Dessie, Kombolcha, Bahir Dar and Gondar. In the last five years, Dessie has attracted nearly a dozen agricultural, manufacturing and service industries, and there is considerable construction in the town. There is also increasing investment activity in the nearby town of Kombolcha, which since the 1960s has been an industrial town, and in Haiq, a *woreda* town some 30 kilometres north of Dessie. While businesspeople here complained of lack of access to institutional credit and unfair competition by quasi-government and party-affiliated business enterprises, they say they have received encouragement and support from the zonal authorities.

In contrast, Debre Marcos in East Gojjam is a dying town. There is very little investment activity and frustrated businessmen and women are leav-

ing for other towns, in particular Addis Abeba. Businesspeople here complained of red tape and corruption among public officials, unfair tax burdens on businesses, difficulties in access to land for investment purposes, and an underlying hostility to the private sector from government authorities. Tax collection often lacks transparency and tax rates are set arbitrarily. Many of their complaints were echoed in a socio-economic study of Debre Marcos conducted by its own zonal administration in 2001 (East Gojjam Administration Zone 2001).

East Gojjam is reputed to be one of the region's 'breadbaskets', yet the zone's agricultural surplus is marketed and processed elsewhere, impoverishing Debre Marcos, its chief urban centre. Despite being located in the middle of one of the most vulnerable and food-deficit zones in the region, Dessie and Kombolcha are enjoying considerable investment growth. This paradox deserves further research, as it could provide clues on incentives for local investment.

Woreda officials have tried to involve the private sector in programme activities and to support increased investments in their localities, but, given the feeble local economy, the benefits are less than visible. A recent study in Wogda in Northern Showa found that farmers expressed a strong distaste for grain trading (Amare 1999). Muslim women are, by tradition, not supposed to deal with trade or business. By exploring traditional ways of engaging in trading and commercial activities, solutions may be found that are culturally and socially acceptable.

If the private sector is to play an active role in the development of the region, there should be a partnership with the regional government. At present, there is no common meeting ground between the two. The periodic workshops that DoTI organises for businesspeople have not served as a forum for constructive dialogue.

3.5.2 NGOs

According to information compiled by the regional Disaster Prevention and Preparedness Committee (DPPC), there were 80 NGOs operating in the region in 2001, of which 48% were local. Some 29 NGOs were awaiting permission to undertake project activities. There were 18 NGOs operational in South Wollo but only six in East Gojjam. NGOs ran some 167 projects in the region, reaching five million beneficiaries, with a budget of 704 million *birr*. Of these, many concentrate on care for children in urban areas. Rural projects included water supply, environmental rehabilitation (including relief aid), income generating schemes, and health services, of which HIV/AIDS-awareness programmes were the most important.

NGOs bring considerable resources and reach a good percentage of the region's population. However, while they work under close supervision from the relevant line departments and offices, they do not operate in close partnership with these same government bodies. A good number of NGOs have been working in the region for many years and have accumulated valuable experience related to food security and vulnerability. They have employed a variety of participatory methods for planning and service-delivery purposes, and some have proved to be quite effective. The government, however, has failed to tap their store of knowledge and expertise – there is no constructive dialogue between government and NGOs, best practices are not replicated and valuable experiences are not shared. DPPC periodically hosts meetings for NGOs but this is not an experience-sharing or learning opportunity. Government might contract out those activities where NGOs have gained constructive experience, such as rural water supply, environmental protection, HIV/AIDS awareness, and income generating programmes.

3.6 Voice/articulatory

A key element in understanding poverty as underlined by the SL framework is the extent to which denial of voice is also poverty. Analysing beneficiaries' own perceptions of their ability to communicate their aspirations and expectations, and the response, is therefore crucial. In a highly centralised system such as Ethiopia, where freedom of expression has previously been repressed, this must be an important achievement of any programme. Generally speaking, the ANRS programme has enhanced the capacity of individuals and communities to communicate their aspirations and expectations to authorities. This does not however mean that authorities respond by action or by policy change.

3.6.1 How familiar is WDF to beneficiaries?

All interviews except six were conducted in villages/*kebeles* where there had been ANRS programme *woreda* fund interventions. A majority (Table 11) knew about the Woreda Development Fund, but information flows are apparently far from perfect.

Table 11. Do you know about WDF?

| | No. |
|-------------|-----|
| Know | 78 |
| No response | 6 |
| Don't know | 33 |

The interviewees were also asked about how they had heard about the WDF (Table 12):

| Table 12. How did you hear about WDF? | |
|---|-----|
| | No. |
| No information | 39 |
| Information from government (<i>kebele, woreda</i>) | 46 |
| By seeing the project | 15 |
| By participating in implementation | 14 |
| From family and friends | 3 |

3.6.2 Speaking up

During the field survey, interviewees were asked if they had ever participated in a village planning meeting Table 13. Attendance was high, especially in South Wollo at 73%.

| Table 13. Have you participated in a village planning meeting? | | |
|--|-----|----|
| | Yes | No |
| EGZ | 36 | 37 |
| SWZ | 32 | 12 |
| All | 68 | 49 |

Those who had attended village meetings were asked whether they felt that they could express their views freely (Table 14).

| Table 14. Did you feel you could express your views freely? | | |
|---|----------|---------|
| | Yes | No |
| EGZ | 35 | 1 |
| SWZ | 26 | 6 |
| All | 61 (90%) | 7 (10%) |

Of the seven who felt that they could not express their views freely, six were women. Gender is considered in the planning by the awareness training of facilitators and the active involvement of women in the planning teams. Illiteracy is often a factor hampering communication. Among the interviewees in this study, 61% could neither read nor write (55% in EGZ, 70% in SWZ). Individuals sometimes feel alienated from the more articulate and knowledgeable groups in the community.

Woreda-level voice

The ANRS programme has undoubtedly enhanced voice and articulation at the *woreda* level. *Woreda* officials are now more self-confident and assertive. They say that because programmes are carried out through participatory planning they have been greatly empowered vis-à-vis higher-level authority. They have gained skills in participatory planning, budget management and programme implementation, and are able to defend the interests of the *woreda* and the local community against pressure from above more strongly now than before.

Conversely, this is still not fully reflected and respected during high-level meetings where traditional hierarchical relations remain strong. Staff from *woreda* level did not always dare to voice their opinions during sessions commenting on issues and criticising higher levels. They remained silent during meetings, but wrote letters or spoke informally with higher-level managers afterwards. Similarly, *woredas* have not been consulted in the new administrative restructuring process, despite the fact that concept development and experience is at *woreda* level. This still suggests that the rhetoric of decentralisation is not yet reflected in a genuine change of attitudes and behaviour.

Village-level voice

Two different ‘participatory’ methods are simultaneously applied in the programme’s village planning process.

The *Mengestawi Buden* mobilisation – government teams at community level on a base of 30–120 households – is the government planning and implementation tool for reaching out to the grassroots level. This method is applied for the Woreda Development Fund priority setting, as well as for the extension planning PADETES in ANRS. *Mengestawi Buden* has long been common throughout Ethiopia. Traditionally these working teams are expected to plan, schedule and implement rural development projects like construction of schools and clinics, development of springs, tree plantations and construction of physical structures, road construction etc. The *kebele* ‘budget’ for this is mainly based on local contributions, ie ‘local material’, ‘local knowledge’ and ‘local labour’. When agricultural production has been demonstrated with the involvement of extension staff, the people of the *kebele* have developed a tradition of assigning test farmers and evaluating the result at the end. Planning teams of nine (three men, three women, three youths) are mobilised and their plans are aggregated and co-ordinated at *kebele* level. The aggregated *kebele* plan is discussed at village meetings to reach consensus before being handed over to the *woreda* and higher levels. When the *kebele* plan has been reviewed and revised at these different organisational levels, it is approved and returned to the *kebele*.

The other planning tool is the Local Level Participatory Planning Approach (LLPPA), which was developed to involve farmers in forestry and soil and water conservation methods under the former Ministry of Natural Resources Development and Environmental Protection. The planning process is participatory, analytical and holistic with a Participatory Learning and Action approach. It stands out in contrast to the consensus-building method applied for WDF and PADETES planning, which lacks components to promote analysis and learning. The Department of Agriculture Team of Natural Resource Management is applying LLPPA as their planning tool when interacting with the *kebele*-level planning teams (*Mengestawi Buden* groups).

Village planning workshops focus mainly on problem identification. Villagers are consulted regarding their needs, but solutions and major means (except labour) are provided from outside. Nonetheless, the Woreda Development Co-ordination Committee may sometimes add activities which have not been prioritised or specified during the workshops to the village plans. This indicates weaknesses in the appraisal method. The intention should not be to leave farmers to generate solutions on their own, but to interact with research/extension in analysing causes and consequences to the problems identified. This will require follow-up visits and topical appraisals after the village planning workshop event. Depending on problems identified, different forms of trying and testing new solutions should be discussed between farmers and outsiders. This would mean pure experimental topics – participatory technology development as well as demonstrations and verification trials – but also action research not exclusively focused on agricultural production. Extensionist–researcher–farmer collaboration should link local-level technology and knowledge generation with new forms of local organisation and dissemination.

Spontaneous interactions between different *kebeles* or independent farmer group interactions rarely occur. Lateral initiatives are initiated top down, for example, regarding schools and service co-operatives. Initiatives come from outside and communication is vertical in all aspects and in almost all situations. The potential for lateral learning from *kebele*-to-*kebele*, *woreda*-to-*woreda*, and zone-to-zone lies undeveloped.

Farmers today claim that they are tired of the elaborate and time-consuming planning process which at the end of every annual planning cycle comes back with the same cutbacks on high-priority activities. It seems to have been a mistake to build the local planning process on the Community Empowerment Programme planning method – in its most simplified form it just reinforces the ‘governmental group mobilisation’ and may act against local empowerment. While the methodology suits consensus building and the setting of priorities regarding common goods, it fails to deal with complex problems requiring learning and analysis. According

to farmers and technical staff, the present planning method needs improvement – in its current form the ‘village planning workshop’ approach is merely consultative (ANRS 2001). A good local-level planning process must provide villagers with stronger negotiation power. They should also be given full voice and responsibility for M&E.

A dilemma remains regarding the level of responsiveness possible from the Bureau of Agriculture. Directly linked to the Ministry of Agriculture and the Extension Department, it is in that line of ministry context supposed to serve certain objectives and targets in the annual work plans. Radical shifts in response to demands from below are not yet easy to handle. Furthermore, the human resources of the BoA are limited, and their capacity to steer, support and train local-level development agents is limited.

3.7 Socio-political change

The main changes which occurred in the course of the programme in the region are:

- Land redistribution in 1997
- The Ethio-Eritrean war
- Administrative restructuring.

The region is now establishing new administrative reform and restructuring initiated by the Federal Government. The objective of the reform is the devolution of responsibility to the *woredas*, and it is expected that this will have far-reaching implications. The *woredas* will receive, directly from the region, an annual grant to expend on infrastructure, according to their own needs and priorities. The model originates from the Woreda Development Fund supported by the ANRS programme. Zonal structures will be bypassed and provide only technical support to the *woredas*. None of the programme *woredas* were consulted before, during or after the formulation of the reform – a regrettable comment on both learning by government (including change of attitude) and integration.

The success of the new initiative will depend on the capacity of the *woredas*. Officials at the regional bureaux are facing this challenge with a good deal of apprehension. It will be a considerable task to deploy trained personnel in all 114 *woredas* of the region, a majority of which are remote and contain scant amenities. At present, there is high staff turnover at all levels of the regional government, including the *woredas*, and this problem will likely be exacerbated by the new policy. To attract and retain qualified staff, *woredas* will have to provide considerable incentives.

Nonetheless, *woreda* officials in programme areas were quite enthusiastic about the reform. They argue that due to the experience they have

gained through the programme-supported Woreda Development Fund, they will be able to shoulder their new responsibilities without much difficulty. They recognise a need for more qualified staff and continued technical support, but believe that ANRS programme *woredas* will have an advantage in comparison to other *woredas* in the region.

The region is considering a transfer of some staff from the regional bureaux to the zones and from the zones to the *woredas*. Now in its initial stages, there is no information yet on how the administrative reform is unfolding, but the challenge that devolution and restructuring will pose will take many years to address. In the meantime, the regional government will be preoccupied with establishing a new structure and with institutional capacity building. Paradoxically, programme implementation and development activity at *woreda* level may be seriously hampered by the decentralisation reform that the programme itself inspired. It may also become difficult to differentiate between the impacts of the programme and those of the overall decentralisation efforts, with the programme even more resembling direct budgetary support. This suggests an urgent need to set up viable learning mechanisms that reflect the high level of integration into regular ANRS administrative structures.



Photo:
Sean Sprague
Bildbyrå Phoenix

Chapter 4

Project Design and Sida's Larger Goals

In promoting area development, Sida has in mind a broadly two-part strategy. In addition to sustainable development and poverty reduction in the area itself, the programme should develop concrete examples of best practice to feed into the national policy process. With poverty reduction as the overall goal, learning, integration, sustainability and capacity building need to be addressed within programmes. Sustainability is probably the most difficult to assess, especially in areas where the programme has been active only for a short period. Assessment also has the benefits of hindsight and improved understanding of issues from advances in development thinking. This is particularly the case with poverty reduction, as the understanding of the multidimensionality and other aspects of poverty have improved considerably amongst development specialists since ANRS was initiated.

4.1 Poverty reduction

4.1.1 Impact of ANRS on poverty reduction

Over time, the ANRS programme has changed its position regarding poverty focus. In both the September 1996 draft programme document and the revised November 1996 programme document (ANRS 1996), primary target groups and vulnerable groups were identified and listed together with specific programme support activities aimed at their perceived needs. The final programme document of March 1997 showed a broader focus (ANRS 1997). The targeting of vulnerable groups, including women, became the responsibility of the *woreda* administration and was generally intended to be linked to the allocation of WDF resources and the promotion of ACSI credit. The overall poverty reduction strategy was given equal priority with intensification of smallholder agriculture and economic diversification. The general view was that all farmers are poor and that programme activities aimed at agricultural development for the rural population will benefit the poor by definition. More specific targeting was therefore deemed unnecessary.

In the first programme document for Phase II in March 2001 (ANRS/SARDP 2001a) the primary target groups are farmers, rural women and private-sector entrepreneurs. No discussion on poverty reduction is included. The strategy on agricultural intensification/diversification and economic diversification remains similar to Phase I. In the final Phase II programme document of September 2001 (ANRS/SARDP 2001c), poverty focus is given somewhat more attention. Now the primary target groups are the rural poor, ie those living in absolute poverty, those deprived of social services, and those who are powerless. A holistic approach towards perspectives of opportunities for poverty and vulnerability reduction should be applied. By following the changes of focus across the documents, it appears that pressures were exerted to increase the poverty focus during the course of the planning process. The ownership and impact of objectives inserted when the planning process was under way must remain a matter for speculation.

At an early stage of Phase I, the WDF was targeted at individuals or groups of individuals (ie more vulnerable groups). Officials today admit that this has been emphasised only minimally. The vague targeting of poor, vulnerable groups, or indeed socio-economic stratification in general, reflects the local planning method applied. The village planning workshop manages to build consensus on local infrastructure investments, but fails when addressing rural livelihoods and other complex issues. The results from the survey suggest that this persistent lack of focus has had unfortunate consequences for programme impact on poorer households. Food security has deteriorated everywhere and only the system of food-aid delivery has become more effective. Input credit systems have increased the absolute amount of food produced but the repayment schedules mean that this production increase is not improving household nutrition. Fragmentation of landholdings and insecurity of tenure have militated strongly against investment in soil and water conservation and long-term tree planting. Migration has increased everywhere, suggesting that labour is no longer available for investment in the home farm area. There is no evidence that the design of Phase II seriously addresses any of these issues.

4.1.2 PRSPs and the ANRS programme

The government's *Interim Poverty Reduction Strategy Paper* (IPRSP) was drafted in November 2000 (Federal Democratic Republic of Ethiopia 2000), but it was not until January of the following year that copies of the document were available for public discussion. The poverty reduction strategy developed for the interim report has the following elements:

- ADLI
- Judiciary and civil service reform
- Decentralisation and empowerment
- Capacity building in public and private sectors.

The underlying idea is that increased agricultural production will follow from further economic reform and market liberalisation, leading to increased exports and eventually greater investment in industry. Agricultural production will also reduce levels of food insecurity thereby releasing the productive potential of households constrained by chronic food shortages. The model is a growth led, encompassing a level of optimism concerning government policy characteristic for this type of document. The other elements are all fairly standard civil-society enhancement measures revolving around the improvement of public goods and services. The most striking lacuna in this document is any analysis either of the structural causes of poverty or the segmentation of the poor. As a consequence, its proposed remedies largely fail to address the underlying problems.

Government did not at first encourage public debate of the IPRSP, but a number of civil-society organisations took the initiative to hold public discussions on poverty in the country and to demand that the PRSP process involve broad-based consultations with stakeholders, including the rural and urban poor. In August 2001, the government announced its plans for countrywide consultations on the IPRSP at the *woreda*, regional and national levels. At each stage, a report was to serve as an input to subsequent discussions at higher level. At the end of the consultations, technical committees already set up were to prepare the final PRSP. The Ministry of Finance and Economic Development was in charge of the whole process. The final document has still not been made available as of August 2002.

The IPRSP does not contain a framework for detailed monitoring, though it does suggest measurable indicators as part of a monitoring system. No monitoring approach has yet been agreed upon by either civil-society or donor groups. Monitoring at regional level, based on a simple but transparent system of measures or indicators, will enable government to make timely course corrections. This will give the regions an important role to play, and make it possible for the government to get feedback and to learn from the experience.

4.2 Learning and integration of lessons learnt

Learning and taking action from the lessons learnt is crucial for the development of all programmes and projects at programme and regional level in terms of design considerations, information exchange and human resource management.

4.2.1 Programme-level learning

The ANRS programme does not seem to seek alternative solutions or methods of discovery. It focuses on phrases such as ‘provision of’, ‘support to’, ‘enabling of’. If learning *is* to be a strong objective, then the programme design must have a learning process approach. However, the ANRS programme is presently designed for result-oriented implementation of pre-determined tasks. Although learning processes and course corrections are allowed for in programme design, the ANRS programme is presently designed for result-oriented implementation of pre-determined tasks.

Annual internal M&E of programme activity implementation is carried out and reported according to agreed programme standards. The focus is on outputs and the assessment is based on comparison of planned to actual outputs. Reflections regarding lessons learnt are included in these reports. Typically, the same issues and bottlenecks recur from one year to another. The implementing institutions are becoming more articulate in expressing themselves due to experience and clearer visions, but management mechanisms enabling major changes and shifts at programme level in response to emerging needs and problems are not yet operational.

The programme has often commissioned studies to be carried out by external consultants to assess a problem area, provide recommendations or to prepare ground for training events. Although the volume of studies carried out is considerable, this approach does not lead to capacity building and sustainability. How are the findings actually internalised in the minds of individuals at different programme levels? Do such studies help them to solve problems in better ways? Evidence for transfer from office shelf to field is sparse.

Sida has commissioned three external supervision missions which support upward accountability within Sida, although they are no substitute for support to programme-level learning. Systematic learning could be enhanced by a stronger focus on participatory M&E at all levels, including an active, broad and transparent use of the Logical Framework Approach. Regular self-evaluation reviews at programme and sub-component levels could, if properly facilitated, initiate mechanisms for programme and institutional learning. Change generated from the ‘in-

side' of a system can be very challenging but it is needed to enable reflection and debate in a programme strongly integrated in governmental structures.

4.2.2 Lessons learnt and course corrections

The Phase II programme document tries to express a more lucid view on the overall design and guiding principles. Issues such as poverty focus, good governance, gender equity, environmental care, decentralisation, diversification and sustainability are briefly discussed and analysed. The shift between Phase I and II also reflects a stronger focus on capacity building, ie human resource development (HRD), at local and *woreda* level. New programme components include family planning and HIV/AIDS prevention, support to the judiciary, population and demography, and municipal reform strategies. These new issues are quite remote from the agricultural and growth-led principles underlying Phase I. There also seems to be some difficulty in incorporating and structuring new visions and principles in the planning. It would have been an advantage if the Phase II design had been more process oriented. While Phase II exemplifies full integration and acceptance of government agricultural development objectives and strategies which simplifies implementation, it makes problematic dialogue and integration of new thinking and strategies. A new programme design should seize the opportunity to learn from both current and future field-based experiences to generate change in both management structures and policies.

The Woreda Development Fund is perhaps the best example of learning. It has won approval among all target groups, both primary and secondary. According to the initial programme documents, the primary target groups consist of farmers, rural women, vulnerable groups and the private sector in the programme *woredas*. The secondary target groups include *woreda* administration and sector offices, zonal and regional bodies. Among the last two, the WDF is singled out as the success story of the programme. *Woreda* officials are emphatic that the fund has made it possible for them to implement a wide diversity of programmes which would not have been possible if it were not available. The second phase of the programme is consequently increasing efforts at *woreda* level. The WDF has proved a successful concept for provision of public goods, but less successful in responding to complex issues such as rural livelihoods. There is now evidence that the WDF concept, initiated and developed by the programme, actually served as a model for the government's new policy of reform and restructuring. The Amhara Region example is today cited in public debate as a model for wide replication.

The broad and elaborate research support in Phase I shifted in Phase II to focused on-farm research and extension-research interface. The Re-

gional Agricultural Research Master Plan (RARMP) and the Amhara Regional Agricultural Research Institute (ARARI) have, after substantial support, successfully attracted external donor funding, and a long-term agricultural research sector support programme was scheduled to begin in June 2002. Similarly, the Woreta Training Centre has now been cut off from programme support and is ready to be upgraded to college level. Woreta should have equal potential to attract external funding as ARARI.

4.2.3 Documentation and information exchange

At programme and/or regional level there seem to have been few workshops or seminars to facilitate learning, ie programme-level reflections and discussions on lessons learnt from strategies, activities and methodologies applied. The examples traced were the research-extension review meetings, small-scale irrigation workshops and a spontaneous inter-zone and inter-*woreda* workshop on village planning methodology. There are few mechanisms to systematically structure reflection and assessment into replication and implementation, blocking wider replication of lessons learnt by NGOs and local pilot initiatives emerging from *woredas* and *kebeles*.

Neither has any strategic and structured learning path been opened up between the Federal Government institutions and the ANRS programme. A programme of this magnitude should have capacity to arrange national seminars on key experiences from programme implementation, or at least to ensure that documentation and information is maintained. A good mechanism linking the region and the Federal Government will become even more critical in the future.

A new library, including an information and documentation centre, was supported by the programme in Phase I and is now established at BoFED. This demanding undertaking is not fully understood at the higher programme level, especially regarding requirements of staff, software and external collaboration. Considering the long-term effort needed to establish this centre, it is remarkable that no documentation and information exchange component is included in the Phase II programme document. Instead, programme support is proposed for the development and maintenance of IPIS – a database of the region's physical and socio-economic setting. The programme has apparently decided to shift focus and to support BoFED in developing and maintaining IPIS. Similarly, quite substantial efforts were spent on a baseline study (Institute of Development Research 1999; 2000), but there has so far been no follow up or practical use of this in programme management.

4.2.4 Learning and human resource management

The overall capacity to attract and retain staff is a crucial issue both regarding efficient programme implementation and sustainability. Managers at *woredas* and other programme co-operating institutions have not become familiar with human resource management and human resource development concepts. Despite the capacity-building support in the programme, there is no clear training strategy or HRD plan founded on an institutional vision and context. At present the high staff turnover in *woredas* and other offices is a major threat to the progress of the ANRS programme.

A very comprehensive training needs assessment (TNA) was carried out at the onset of the programme (ANRS 1998c). The objective was mainly to feed the result into the curriculum development at Woreta Training Centre, but the method and process of assessing training needs were relevant for all types of human capacity building in the ANRS organisation. This experience could have been used in a much wider programme context. Alternative methods deemed more suitable for in-service training and adult training, such as peer group coaching and joint training workshops on specific themes, would provide a much more dynamic learning environment and better serve programme objectives than the present promotion training.

4.3 Sustainability

The ANRS programme is fully integrated in the governmental organisational structure, from regional to village level, which has both advantages and disadvantages. There are no bypass structures at organisation, planning and implementation levels. The only new bodies are the Programme Co-ordination Committee (PCC) with the Programme Co-ordination Unit (PCU) and the Woreda Development Co-ordination Committee (WDCC) that manages the WDF together with the Woreda Executive Council. The sustainability of these committees is dependent on the political will of the national and regional governments. It is likely that these will be maintained as long as funds continue to flow from Sida or other donors.

Each *woreda* has several sources of funds: a block grant from the region, community contributions, and in the case of the ANRS programme *woredas*, the Woreda Development Fund. According to the World Bank's pilot study of Awabel *woreda* in East Gojjam – one of the ANRS programme *woredas* – the programme grant to the *woreda* was offset against what it would otherwise have received from the regional government (World Bank 2000a). We were unable to confirm this in our interviews with *woreda* officials in Gozamen and Machakel *woredas* in East Gojjam

and Legambo *woreda* in South Wollo. They stated that they did not suffer any loss of revenue transfer to their *woredas* from the region as a result of programme funds. The Bank's findings in Awabel were that the ANRS programme's contributions amounted to only 12% of the revenue available to the *woreda* during the year; the rest came from the government and community contributions. The World Bank's study points out that if all community contributions are included, they would account for 51% of the *woreda's* annual resources. Over 80% of the *woreda* budget received from the region covers salaries and related expenses, while the WDF is spent directly on development activities. In other words, even though the WDF provides a relatively small proportion of *woreda* resources, it is very important for development initiatives.

In some Phase I programme documents, a stepwise strategy for the WDF phasing-out was outlined. Apparently this was deemed too ambitious, as no such phasing-out has yet started. A new strategy is outlined in the March 2001 programme document proposal, but absent from the final September 2001 version. Nonetheless, there is strong evidence that the participatory model and funding flow to *woredas* will be maintained by government. The skills developed by *woreda* officials are likely to persist because they can be applied to budgetary processes on a scale much larger than the WDF.

Organisationally, therefore, it seems that some of the procedures set in motion by the ANRS programme and the capacity built thereby are sustainable. However, when it comes to approaches to agricultural production, food security and poverty reduction, it is unclear that these should be reproduced, let alone sustained. The survey suggests that weak contextual knowledge has permitted programme activities that are of little or no benefit at the farm level.

The local planning approach adopted by the ANRS programme will not be sustainable unless the planning cycle is completed with a participatory M&E process. The approach should also allow for stronger negotiating power at community level. The level of participation applied in the programme is consultative if assessment is made according to recognised typology criteria of participation (Pretty et al 1995). This level of participation is too low, especially if programme interventions aim at moving from infrastructure provision to planning encompassing human, organisational and livelihood development issues.

Generally speaking, programme design has not effectively taken sustainability into consideration: changes in emphasis regarding phasing-out strategies from one version to another suggest that there is no clear vision regarding when or how the 'temporary' injection of resources the WDF represents will have led to sufficient 'development' so as to be no

longer necessary. Exit strategies are effectively discouraged due to political pressure both to keep funds flowing and indeed to expand their volume. The failure to confront this issue raises significant questions regarding the underlying assumptions of the area development concept.

4.4 Capacity building

Capacity building can be thought of as taking place at three main levels: region/zone, *woreda* and beneficiary. The institutions through which the ANRS programme operates, notably BoPED and DoPED, should have an increased management capacity. The *woredas* should be better able to plan in a participatory way, and beneficiaries should be able to both improve household food security and develop a wider variety of economic activities to be more risk averse.

4.4.1 Region/zone

During the time of the programme co-operation, some clear achievements have been made at regional level:

BoPED/BoFED

- are stronger and more articulate in co-ordination and management of regional-level institutions – routines and structures for programme planning and implementation are in place, financial and administrative routines are working.
- have developed a more reflective and less dogmatic view on planning and management of a rural development programme – *woreda* representatives are participating in the PCC meetings, and lower-level experience has started to influence higher levels.
- dialogue and co-operation with the Federal Government seems to have been enhanced, mainly due to the experience from *woreda*-focused collaboration and development.

There is still a need to explore improvements in management systems, especially as the future *woreda* focus and the overall promotion of decentralised planning will create a need for responsive and flexible support/co-ordination institutions.

Capacity building at regional and lower levels will in many respects be overshadowed by the planned administrative reform and restructuring. Federal and Regional Governments will be preoccupied for the next two to three years with institution building following the restructuring initiative.



Photo: Martin Adler/Phoenix

4.4.2 Woreda level

Woreda officials in both EGZ and SWZ reported improved programme planning, management and implementation capabilities. However, these changes did not involve adoption of new and innovative practices. Moreover, capacity building at the local level has been seriously hampered by high levels of staff turnover, the inability to attract trained staff, and lack of training and skill up-grading opportunities for existing staff. HRD or capacity building in Phase I has been focused mainly on individuals rather than on institutions. Many international scholarships have been financed, but basic human resource development at *woreda* level has been less emphasised, creating tensions between different categories of staff. *Woreda* staff complain that they have been denied the benefit of in-service and longer-term training compared to staff at regional and zonal levels.

The *kebele* leadership follows governmental approaches and models. The organisational structure is similar in all *kebeles* and no new structures have emerged as a result of the planning and implementation cycles in the pilot *woredas*. Initiatives on development issues still follow the vertical line of command. Local initiatives are rare and have yet to prove fruitful; spontaneous inter-*kebele* collaboration is also rare. The development agent or the *kebele* is not yet in a position to contact and tap resources outside the governmental system.

4.4.3 Beneficiaries

Households have been provided with technical training, some have hosted on-farm research trials, some have been local seed producers and some have taken part in exposure trips arranged by *woreda* or zonal teams. Many household members have taken part in the volunteer labour force mobilised for implementing *woreda* fund activities. Others have been mobilised in food-for-work activities in soil and water conservation and gained some skills in planning and implementation of *subkebele/kebele* projects. Further capacity-building and local-level organisation processes, ie interest group formation, selection of local farmer extensionists and evidence of farmers' own initiatives, experimentation or participatory research, have not started.

Chapter 5

Conclusions

5.1 Summary

A case study of the Amhara National Regional State (ANRS) was carried out in Ethiopia from 8 January to 5 February 2002 as part of a broader Sida study of area development. The ANRS programme, recently renamed the Sida Amhara Rural Development Programme (SARDP), was initially planned in 1995. Background technical studies were conducted in 1996, with implementation beginning in April 1997. Planning for Phase II was halted during the Ethiopian–Eritrean war and then resumed, with Phase I ending in December 2001. SARDP II, a new phase of the ANRS programme, began in January 2002. This phase of the programme is carrying on most components from Phase I. New components added are support to the judiciary, a stronger focus on governance and *woreda*-level capacity building plus a component on family planning and HIV/AIDS prevention. The second phase will end in 2004 as Sida revises their country strategy for Ethiopia.

The ANRS programme is an Area Development Project operating in two pilot ‘zones’: East Gojjam and South Wollo of the Amhara Region. The challenges facing smallholder agriculture remain overwhelming: a scarce and declining resource base; small and diminishing per capita holdings; decreasing productivity and increasing food shortages; limited opportunities for technological improvements; enormous and increasing population pressure; frequent environmental shocks and deep-seated livelihood insecurity; and growing structural poverty and destitution.

The key elements of the ANRS programme are a *sustainable increase in agricultural productivity and natural resource use as well as economic diversification*. This was to be achieved by core support to the *woredas*, emphasising participatory planning mechanisms and building local capacity. Decentralisation is developed through the Woreda Development Fund – a general development fund allocated by the programme to the pilot *woredas*. The principal positive elements were in infrastructure development, notably roads, bridges, water posts, schools, health clinics and veterinary clinics. BoPED became the focal point for programme support despite the agricultural nature of many activities. Many designated activities were never implemented by the BoA, which led to some internal friction.

East Gojjam is a traditional ‘breadbasket’ area with a relatively high crop production potential, whereas South Wollo is often severely affected by droughts, soil erosion and higher risks related to crop production. Both zones suffer from decreasing food security at household level caused by lack of access to sufficient assets, low productivity and thus low incomes. The emphasis of the programme was on increasing agricultural production through intensification and diversification, through introduction and development of small-scale, low-risk technologies. Markets and links between the rural and urban economy were not a focus.

Learning within the programme has been inadequate and a failure to contact and interact with local CBOs and NGOs – some with considerable experience in the area – has limited external learning. The weak internal learning reflects the highly centralised and hierarchical nature of officialdom in Ethiopia and a generalised suspicion of non-government bodies. The new administrative reform, which aims at a general decentralisation to *woreda* level, may weaken these hierarchies, in turn creating new opportunities for internal, lateral and inter-agency learning.

The local-level planning process is fully integrated in the existing governmental structures at the *kebele* level, where ‘local mobilisation’ is sometimes equal to forced labour. Planning has focused mainly on infrastructure/service delivery and only marginal attention has been given to livelihood issues, or improved local organisation. The level of participation is consultative and still lacks components of M&E and negotiating power at community level. If programme support aims are to move from infrastructure provision to planning encompassing human, organisational and livelihood development issues, the level of participation must be enhanced.

Capacity-building elements have been related to service delivery, ie strengthening the capacity of programme stakeholders to implement defined activities. The strengthening of the capacity of institutional systems, human resources and networking has been limited. Sustainability in capacity building is threatened by the high rates of staff turnover common at all levels in the governmental administration.

A poverty focus is expressed but not analysed or strategically planned and framed. Baseline information and indicators have still not been integrated into practical tools for support to planning, monitoring and evaluation. The programme could play an important role in linking the PRSP initiatives with the regional capability to monitor and evaluate local-level effects of poverty alleviation measures. This national to regional link would then capture lessons learnt and elicit needed course corrections.

The programme is fully integrated in existing governmental structures and policy frameworks. This simplifies implementation and ‘integration’

in general, but complicates dialogue regarding lessons learnt and integration of new thinking and new strategies. It is doubtful if the *woreda* focus and the decentralisation reform will provide a platform strong enough to generate new reforms and policy dialogue. Maintaining an open attitude towards critical reflection and change in this context will require decisive strategic design measures together with proactive programme management. Critical reflection on governmental priorities has not traditionally been encouraged in Ethiopia, and a shift in institutional and bureaucratic culture will require a concerted effort.

In the light of this, the case study identified a number of problems in the existing approach:

- The project was not based on a realistic appreciation of the social, economic and political context and could not make full use of the background technical studies.
- The agronomic system and its links with existing markets were not described adequately.
- Critical evaluations and consequent learning by experience were not commissioned.
- The institutional context was not adequately explored with partners.
- There was a lack of wider collaboration, ie CBOs and NGOs both for learning and to develop innovative implementation channels.

5.2 Design considerations for area development

The analysis of the ANRS programme suggests the following design considerations for future Area Development Projects:

- Baseline studies are essential not only for understanding impact, particularly for poverty reduction, but also for the course corrections that are part of a process project. However, the baseline studies must be integrated into project design and involve local stakeholders rather than being commissioned by an external team and simply documented in a report, otherwise they will be of limited value.
- A basic description of the agricultural systems is a necessity for a project focused on agricultural production, as well as some appreciation of the interaction of tenurial, market, climatic and economic variables. Where government intervenes radically in the tenurial and tax regime, the project needs to present beneficiaries with realistic scenarios.
- Effective poverty reduction will not occur unless this is designed into the programme at its inception. The argument that ‘since the whole

| Table 15. Ethiopia ADP: matrix for design features | | | | | |
|--|--|---|---|---|--|
| Sida objective | Original assumptions | Current assumptions | Relevant actual design features | Reality | Desirable future design features |
| Poverty reduction | By intensifying smallholder agricultural production By economic diversification | SARDP II should be holistic in approach and look on agricultural production and natural resources utilisation and other programme components as opportunities for poverty and vulnerability reduction | 1. Mixed farming approach 2. Small livestock improvement 3. Rural credit 4. WDF (aimed at individuals or groups) 5. Economic diversification | Diversification of subsistence farming activities adopted (but with minor impact on food security) WDF aimed at supporting vulnerable groups has not been used as intended Economic diversification weakly developed Credit through ACSIs to some extent successfully used | 1. Local-level stratification of different groups and their livelihood situation 2. Specific plans and actions according to needs and options identified by different poverty profile groups at local level 3. M&E improved, identification of indicators 4. Dialogues and links to support services 5. Dialogues and links with policy levels |
| Sustainability | Living conditions improved through (Phase I): 1. Sustainable increase in agricultural productivity 2. Sustainable use of natural resources 3. Economic diversification 4. Empowerment and democratisation, ie WDF and local planning workshops | Livelihoods improved through (Phase II): 1. Sustainable increase in agricultural productivity 2. Natural resources management 3. Economic diversification 4. Promotion of good governance and equitable development Economic sustainability = cost effectiveness analysis Social sustainability = impact monitoring regarding gender and 'poor people' Environmental sustainability = environmental impact assessments | 1. Agricultural productivity Short term: Increase in availability of inputs, credit, services and extension Long term: Agricultural research and conservation-based agriculture 2. Conservation of natural resource base: Rehabilitation of degraded areas to increase productivity Promotion of sustainable agricultural practices 3. Enabling environment for socio-economic development: Provision of infrastructure Strengthening the democratic decision-making process Support private-sector involvement in the economy | 1. Food insecurity in both EGZ and SWZ is increasing 2. SWC projects including small watershed areas have not contributed to production more than at marginal and subsistence levels 3. Economic diversification efforts have failed 4. Strong support to infrastructure provision 5. Local planning method does not meet required level of participation 6. WDF initiative adopted for national replication 7. Private-sector support neglected 8. High staff turnover at all administrative levels | 1. Overall development objectives (ADLI etc) must be logically linked to and broken down into specific programme objectives 2. Specific objectives should be complementary to each other thereby designing the overall programme process 3. Outputs (expected results) should be process oriented, stepwise, and strategically support each specific objective 4. Major activities should be process oriented, stepwise, and strategically support its expected output 5. Indicators should be developed at different managerial levels and used in regular (self) M&E |

Table 15. Ethiopia ADP: matrix for design features ctd.

| Sida objective | Original assumptions | Current assumptions | Relevant actual design features | Reality | Desirable future design features |
|---|--|--|--|---|--|
| Learning | <p>1. Specific capacity building/training to BoPED (baseline studies, library, data base) and other sector bureaux</p> <p>2. WDF earmarked for capacity building at woreda level</p> <p>3. Training and capacity-building component mainly focused on training and organisational development of extension within BoA, ie the Planning and Training Service department</p> | <p>1. To strengthen the woreda's capacity for development planning, project implementation and delivery of services to the communities</p> <p>2. To improve development planning, communication and ensure good governance in general</p> <p>3. To efficiently plan, coordinate, implement, monitor and evaluate SARDP</p> | <p>1. Information and documentation centre at BoPED, database at BoPED, baseline studies</p> <p>2. The extension training support was starting with TNA and following a logical line of activities, but eventually mainly focused on upgrading Woreda Training Centre</p> <p>3. In-service promotion training for selected individuals in country and overseas</p> | <p>1. Baseline information, M&E and lessons learnt are not systematized and transferred to course corrections or changed management practices</p> <p>2. Focus on capacity building is on individuals and service delivery and not on processes or institutions</p> <p>3. Poor links to NGOs, CBOs and private sector</p> <p>4. Information exchange and documentation not well developed and with no strategy</p> | <p>1. Stronger and clearer objectives on institutional capacity building and HRD management. Capacity building to be perceived as and end in itself, and not just as a means</p> <p>2. Training course development and training inputs linked to realities in the field</p> <p>3. Planning, implementation and M&E activated as learning and management tools</p> <p>4. Documentation and information exchange strengthened and systematized</p> |
| Integration | Phase I: Fully integrated in government organisational structures as well as in government policy framework | Phase II: Same as Phase I | | Ad hoc adoption and replication. Ownership and integration at policy level does not automatically mean ownership and integration at staff level | Mechanisms needed in order to ensure wider dialogues, both regarding methods and approaches developed and on policies |
| Capacity to inform wider processes: PRSPs | - | - | Not in place | Poorly developed | Linked to the general need to strengthen capacity on documentation and information exchange. Define a strategy and follow up |

region is poor, poverty analysis is not required' is inadequate; beneficiaries should still be segmented, and different strata should have different strategies. Broad, vague perspectives on poverty do not provide a basis for M&E and learning.

- Much greater consideration of likely demographic change and its impact on landholding and access to resources needs to be built into project design where populations are very dense, as in Ethiopia.
- Government policies towards decentralisation and the private sector must be thoroughly analysed in their context. ADP design has to reflect the difficulties related to introduction of new policies in old structures.

5.3 Design matrix for area development

The previous section is intended to capture in narrative form design issues emerging from the Ethiopian survey. However, to relate the findings, Table 15 presents a matrix organised in terms of Sida's broader objectives.

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Appendix 1

Glossary

| | |
|-------------------------|--|
| <i>belg</i> | short rainy period and cropping season lasting any time from February to April |
| <i>birr</i> | Ethiopian currency |
| <i>debbo</i> | work group hosted by a household for tasks that require heavy labour input, to be compensated by meals for all participants |
| <i>debre</i> | fortress, church, mountain |
| <i>degga</i> | commonly-used Ethiopian term for areas of altitudes around 2,400 metres and above |
| <i>derg</i> | committee, junta |
| <i>edir (iddir)</i> | a burial society helping each other for funerals (<i>kirre</i> in Wollo) |
| <i>ikkub (ekub)</i> | a rotating savings group in which the sum of members' regular contributions is given to each member in turn, in a sequence determined by lot |
| <i>kebele</i> | a residential local governmental administrative unit. After the 1975 land reform, the term also came to mean the area controlled by the peasant associations which allocated the land within its boundaries to member households |
| <i>kirre</i> | a burial society helping each other for funerals (<i>edir</i> in Gojjam) |
| <i>maheber</i> | a religious association which meets on a particular saint's day once a month to feast together at the house of members who take turns preparing the feast |
| <i>mengestawi buden</i> | government teams mobilised at community level on a base of 30–120 households |
| <i>oxenday</i> | unit of land based on the area covered by a pair of ploughing oxen in one day; four oxendays is almost one hectare |
| <i>noog</i> | a variety of oilseed |
| <i>senbete</i> | similar to <i>maheber</i> but meets at the local church instead of at members' households |
| <i>teff</i> | fine-grained endemic cereal from which the local bread <i>injera</i> is prepared |

APPENDIX 1

| | |
|---------------------|---|
| <i>woreda</i> | administrative level of the Ethiopian Government, between the local <i>kebele</i> and the zone |
| <i>yenbi (ribi)</i> | arrangement in which a household maintains a female animal of another household. Offspring go to one of the two households, determined by lot. The other household receives half the value of the offspring in cash |

PART 3:

Economic Expansion in Outlying Areas (EEOA)

Roger Blench
Stephen Gossage
Guy Scott

Executive Summary

Sida commissioned ODI and its partners to conduct a study of poverty alleviation through area development using a sustainable livelihoods framework. Three countries were chosen as case studies: Cambodia, Ethiopia and Zambia. Fieldwork was tested first in Cambodia before being carried out in Ethiopia and Zambia in a broadly comparable way. The Zambian study reviewed the Economic Expansion in Outlying Areas (EEOA) programme.

Until 1991, Zambia's economy was based on a centrally-planned system with arbitrary pricing and State supply of inputs to agriculture. Financing was based on copper mines, the output of which has gradually declined. Liberalisation of the economy after that date has failed to produce the expected increases in output, and indeed food security continues to deteriorate throughout the country. Food shortages were widespread in Zambia during the fieldwork visit.

Sida supported co-operatives in Zambia over many years, but the co-operatives collapsed after liberalisation. Sida support to Integrated Rural Development Projects (IDRPs) in Eastern, Northern and Luapula Provinces was brought to an end in the early 1990s. A new approach was developed from 1993, resulting in the EEOA programme starting on a pilot basis in 1995. It is due to close in 2002, to be replaced by a programme that unifies Sida's disparate agricultural support programmes in Zambia.

The underlying assumption of EEOA is that development should be market led, and the key to development is a major re-orientation of smallholders towards a business outlook. This is to be achieved by facilitation and dialogue with local communities, training at the level of the individual, the household, and the interest group, and facilitation of linkages between producers, processors and traders. Service delivery is largely excluded, although the Rural Economic Expansion Facility (REEF) has funded some infrastructure while EEOA has facilitated the establishment of the Micro Bankers Trust (MBT) in programme areas for provision of loans to interest groups.

EEOA operates in two provinces – Northern and Eastern – where a number of facilitation areas (FA) have been selected within districts on the basis of their potential and their responsiveness. In theory, EEOA conducts its operations in each FA for just three years before moving on. EEOA's primary focus is on wealth creation rather than poverty reduction, through working with self-selecting, articulate and literate house-

holds in accessible areas, considering that they are the best engine of economic growth. This approach is very much in line with the draft *Poverty Reduction Strategy Paper for Zambia* (Ministry of Finance 2001) presently in circulation. EEOA has recently acknowledged poverty reduction as an implied goal, but its design features do not lend themselves to the sort of targeting that would make this a reality.

EEOA has a relatively intensive system of self-examination and review and has significantly re-oriented its component structure, some of its activities and the monitoring and evaluation system itself over time. Review missions from Sida have been crucial to this process, and this type of learning has been very effective. Although EEOA liaises or collaborates with a variety of external bodies, this has not always resulted in the desired synergies.

EEOA was originally conceived as a 'bypass' project, operating outside of the Ministry of Agriculture, Food and Fisheries (MAFF) which was considered too weak to implement the programme. As of 2000–01, collaboration with MAFF has been intensified and the intention is to integrate more closely. However, although MAFF has adopted the participatory approach of EEOA, its under-resourcing is set to remain a problem.

The sustainability of EEOA facilitation remains hard to judge because of the short time frame and the resources necessary to monitor FAs where it is no longer active. A lack of baseline data on economic growth in individual districts will make this difficult to establish unequivocally. REEF infrastructure – notably roads – has proved hard to maintain.

The incomplete liberalisation and poor development of an enabling environment restrict the possibilities for spread and require greater effort on the part of the programme in the programme areas than would otherwise be the case. The critical mass idea and partial coverage of districts for a limited time period imply a greater spread effect than seems realistic. In the light of the importance attributed to spread and the speculative nature of a core assumption, a review of the project logic and clearer statement of the expected outcome and spread is necessary.

Individual EEOA beneficiaries have certainly improved their capacity to conduct business activities and the household survey indicated some levels of economic diversification. Nevertheless, facilitation of access to market information is weak and, as a consequence, some business ideas are of limited or no value. The dependency syndrome characteristic of one-party rule still persists and the culture of self-reliance promoted by EEOA may remain a chimera, partly due to half-hearted commitment by government.

Zambia represents a problematic example for lessons in area development due to the ineffectual State and the mismatch between government rhetoric to donors and policy realities which continue to promote the values of the command economy. While EEOA works with the self-selecting, articulate and literate households in accessible areas, relying on a multiplier effect for poverty reduction, the extended time schedules required to make this effective suggest that a more segmented and pluralistic approach is required if its impact is to be in line with Sida policy. The tendency to select the more accessible and higher potential areas in a district effectively excludes the less favoured areas, which is unusual in design terms and contrastive with Sida's policy elsewhere. The poor almost by definition live in inaccessible areas and have restricted voice; depending on any sort of multiplier or trickle-down effect is a dangerous presumption. Development agencies surely have a commitment to reach disadvantaged groups in the here and now, sometimes in a way that may be unsustainable or even unviable in economic terms. However this is framed ('social protection', 'beneficiary segmentation' etc), it is surely imperative that some element in a project addresses deprivation and vulnerability immediately rather than postponing their alleviation to the finale of a lengthy process, even assuming there is empirical evidence to suggest that this process is effective.

Design considerations for area development

Experience gained from the implementation of the EEOA programme as discussed above suggest the following design considerations for future Area Development Projects:

- Baseline studies are essential not only for understanding impact, particularly for poverty reduction, but also for the course corrections that are part of a process project. The transition from a different programme should not be an excuse to omit the collection of baseline data. This is especially true where development is to be market driven – no effective business can run without reliable data and documentation.
- Effective poverty reduction will not occur unless it is designed into the programme at its inception. In particular, proposed trickle-down and diffusion mechanisms to reach the poor must be based in socio-economic reality, not development rhetoric.
- Time scales are important. If a segment of the population is poor and disadvantaged, one element of any intervention should address their immediate needs rather than planning for this to occur at the end of a lengthy process

- If the market is the presumed engine of economic growth, the programme strategy must be based on a realistic description of the market and of government policy, neither of which may correspond to their rhetoric.
- Clear and fully justified (cost-effective) procedures for monitoring and evaluation should be incorporated.
- Mechanisms for feeding ideas and lessons learnt into wider processes should receive greater consideration and, if possible, be incorporated in the project design.
- Sustainability deserves greater attention, either through transferring project methodology to government where capacity exists or devising means for civil society to carry through once the project finishes.
- Area development can promote wealth stratification ('elite capture'), actually impoverishing the poor rather than benefiting them. Although this is probably not occurring in Zambia, this issue was not considered at the design phase and should be included.

Over-concentration on promoting programme rhetoric at the expense of programme reality can lead to misleading evaluations and an absence of effective business thinking among beneficiaries.

Chapter 1

EEOA Case Study

1.1 Introduction

The Zambian case study is intended to be comparable with the Cambodian and Ethiopian Area Development Project studies, but also to address specific additional Terms of Reference to examine the underlying concepts of private-sector approaches within the Zambian context. Two reports were originally submitted, covering some of the same ground. These have been combined into a single chapter to avoid repetition. Fieldwork in Zambia was undertaken by Steve Gossage, Chris Mufwambi, Rose Banda and Roger Blench between 15 January and 7 February 2002. Additional input based on document review and interviews in Lusaka was by Guy Scott and Honorine Muyoyeta.

1.2 Description of EEOA

The Economic Expansion in Outlying Areas (EEOA) programme was initiated in 1995 as a response to the liberalisation of the economy in the early 1990s by the Zambian Government elected in 1991. It was expected that new opportunities would become available and that small-holders would need to improve their understanding and skills and develop links to the private sector in order to take full advantage of these new opportunities. The programme was also intended to build on the experiences, contacts and goodwill from the Sida-supported Integrated Rural Development Programmes (IRDPs) of the 1970s, 1980s and early 1990s in Eastern, Northern and Luapula Provinces. These had been closed following a shift away from independently-operating service delivery programmes or projects. While learning from the problems of the IRDPs, a completely new approach was required to develop models for initiating an economic adjustment process and local self-sustaining capacity in agricultural production, processing and marketing. Key influences were to concentrate on capacity building outside government and to build in ownership and maintenance of any infrastructural development from the beginning. In other respects, the new EEOA was more or less a complete departure from the old IRDPs, reflecting the changed political context.

The first phase of EEOA was initiated as a development or pilot phase in mid-1995. The second consolidation phase was planned to run from 1998 to 2001, but has been extended to the end of 2002 when all agricultural programmes and projects will be unified under one umbrella programme (EEOA 1994; EEOA 1997). The approach, methodologies, instruments and linkages for the programme were developed during the pilot phase and have continued to evolve during the consolidation phase. At the same time, the situation in the private sector and in marketing in Zambia has also been transmogrified.

The initial overall objective in the first phase was retained almost unchanged for the second phase as 'to contribute to improved living standards in the target group through increased income' (EEOA 1997). Quantitative targets were not given in the programme documents.

Specific (immediate) objectives for the first pilot phase were given rather loosely in the programme document:

1. 'To support sustainable production, processing and marketing activities'
2. 'To support the development and maintenance of related infrastructure at district level'.

These were elaborated in the programme document for the second consolidation phase as:

1. 'To enable anyone involved in agricultural production marketing and processing to recognise opportunities under a liberalised market regime and to create self-awareness and self-confidence sufficient for individuals to exploit these economic opportunities'
2. 'To create the conditions for sustainable economic expansion by contributing to the improvement of local infrastructure and management training through public and private institutions'
3. 'To improve access to lending by commercial financial institutions to entrepreneurs for viable projects and to improve the financial management skills required by entrepreneurs'.

(EEOA 1997; EEOA 2001b)

The number and wording of these objectives has evolved but the essential character remains the same.

Slightly different versions of the *target group*, stakeholders or beneficiaries have been presented in the two programme documents and various reports. The most clear-cut version is probably that given in the programme document for the first phase which specifies three main categories:

1. Rural village households
2. Emerging smallholder farmers
3. District-based and existing district entrepreneurs involved in businesses related to agricultural production, processing or marketing.

The *programme vision* suitably captures the essence of EEOA and provides a clear statement against which to evaluate the overall success of the programme, particularly its sustainability. Although not elaborated in the programme documents, the programme vision was developed during the pilot phase and has been retained more or less unchanged, as follows:

After six years of operation in the target districts, the EEOA programme will have initiated a sustainable economic development process in each district. A sufficient number of dedicated farmers and rural entrepreneurs will have been established in each district so as to form a *Critical Mass* necessary for sustainable economic expansion. Models will have been established for processes of future intensification of the economic links between urban and rural economic interests and stakeholders. Local and national commercial enterprises will have been formed and attracted to the districts and established profitable activities to such a degree that the private sector (which includes all farmers) will sustain commercial activities and future economic expansion.

(EEOA 2002)

A 'critical mass' of successful farmers and business entrepreneurs would lead and drive a process of sustainable economic expansion. It has already been reported that additional farmers and entrepreneurs in the facilitation areas (FA) have followed this lead and initiated their own farming and other businesses, thereby creating a 'multiplier' effect. Ideally, the ideas would also spread to farmers in adjacent and then more distant multiplier areas. The vision also seems to imply that the process should continue in a sustainable manner until the whole district is uplifted. Although the critical mass and multiplier ideas are of great importance for the implementation and indeed the justification of the programme, the theory and implications do not appear to have been well documented and are hardly quantified. The uncertainty in the target groups probably reflects that of the primary focus of the programme, usually stated as wealth creation, although an underlying poverty reduction goal is implied. The critical mass would be expected to improve opportunities for employment, marketing and prices, which have the potential to benefit the poor.

The three initial components of EEOA were:

1. Rural household facilitation
2. District development funds (for infrastructure and management training)
3. A credit guarantee fund.

The Rural Economic Expansion Facility (REEF) component was split in the second phase into infrastructure and training sub-components, to make four components. After the failure of early initiatives with the Credit Guarantee Fund, this was changed in 1998 to a Financial Services for Economic Expansion component for savings and microfinance mainly through the Micro Bankers Trust (MBT). Two new components were added in 2001 to reflect a greater emphasis on business promotion and marketing, and agricultural extension support and networking which had previously been covered under the facilitation component. The programme has therefore evolved into the current six closely-linked components.

1. *Facilitation* is the foundation or core of the programme. This is an eight-step iterative process of dialogue, discussion and learning with local communities in facilitation areas to develop an understanding of local business opportunities and identify interest groups and individual entrepreneurs. Training needs are identified and training provided.
2. *Rural Economic Expansion Facility* (REEF) supports rehabilitation or construction and local management of rural infrastructure to enhance production and access to markets according to local priorities. REEF requires a 20% local contribution in cash or kind.
3. *Business and Management Training* provides formal and intensive training to emerging and established entrepreneurs in the district according to identified needs.
4. *Financial Services for Economic Expansion* facilitates access to information, savings and microcredit (mainly through the MBT) in order to support business expansion in the district.
5. *Business Promotion and Marketing* is a new component (introduced in 2001) which grew out of the facilitation approach. It is designed to allow increased emphasis on comprehensive business identification and market research, finding ways for businesses to exploit these opportunities and developing better links between producers, agro-processors, associations and business organisations. A more proactive approach will be taken than the previous reliance on facilitation in order to offer more dynamic support to strong ideas based on sound market intelligence and some experience.

6. *Agricultural Extension Support and Networking* is a new component (introduced in 2001) aimed at production through facilitating the development of linkages for provision of extension and technical services to rural entrepreneurs.

(Source: EEOA Programme Documents 1994 and 1997)

Cross-cutting issues relating to gender, the environment and HIV/AIDS are addressed throughout the programme. Programme management includes a strong monitoring and evaluation (M&E) component which emphasises action–reflection–action.

Of the total annual budget of just under SEK 20 million, approximately 48% is spent on facilitation and district operations, 19% on REEF infrastructure, 3% on business management training, 4% on training of EEOA and government extension staff, 4% on monitoring and evaluation and 22% on management (EEOA 1997). Very little is now provided by EEOA for credit since MBT uses the funds recovered from loans.

The inherent flexibility of the programme has permitted a great variety of initiatives in different locations in response to particular local conditions and opportunities. This makes the programme complex and a complete description lengthy. The programme has prepared extensive documentation on all aspects and a detailed evaluation of EEOA was carried out in early 2001 (James et al 2001).

1.3 The underlying assumptions and design of the EEOA programme

The origins of the EEOA programme enable a better understanding of its underlying assumptions and design. The initial approach and design was developed 1992–95 when Zambia was undergoing marked changes: the liberalisation process had been set in motion, government had largely withdrawn from input supply, credit and crop purchase, but the private sector had not yet started to function. By 1994, agriculture had almost collapsed in the more outlying areas and government began to take back some of these functions in a move known as a transition to liberalisation.

A process was initiated in 1992 to develop a follow-on to the IRDPs through discussions with government (MAFF). Two consultants, Dr L.E. Birgegård and Dr Eriksson, led these discussions. At this time, IRDP Eastern Province was following a planned phase-out process which was completed in mid-1993. The last co-ordinator for IRDP (EP), Hans Hedlund, was asked to prepare a Concept Paper to outline a possible follow-on project to focus on a demand-driven district-based development fund. A survey of all aspects of agriculture in Petauke, Katete, Mpika and

Chinsali Districts (the first EEOA districts) was carried out in 1994 by Shawa and Simfukwe from MAFF, joined by Hedlund and Mothanda from Sida. The draft for the EEOA programme document represented radical changes in approach and caused intense debate when circulated for comment. The EEOA programme was eventually initiated along the lines suggested in 1995 (Hedlund 1993 and personal communication).

The proposed programme was a direct response to the liberalisation policies being introduced by the government and also drew on the experiences of the IRDPs. It was felt that while liberalisation had the potential to stimulate growth, areas away from the line of rail would be disadvantaged and less able to respond to the new opportunities. There would be a knowledge and understanding gap and farmers, input suppliers and traders would all need to adjust to the new situation. Smallholder farmers would be particularly disadvantaged by poor access to information, communication, credit etc. The smallholder was then considered to be at the centre of Zambia's agricultural policy. In addition to improved understanding, information flow and a business focus, infrastructure and credit would be needed in many cases to support economic growth. Only real economic expansion could provide the resources for programmes to mitigate the effects of the structural adjustment programmes.

The team leading the development of the EEOA programme had an intimate knowledge of the IRDP (EP) and were critical particularly of the problems with ownership and maintenance of the infrastructure projects (roads, wells etc), the apparent lack of impact from many years of capacity building within government, and the growing aid/project dependence of government (Hedlund 1993 and personal communication). This understanding, reinforced by the decline and lack of direction of government at the time, indicated the need for EEOA to operate outside government. Simultaneously, although EEOA was seen as facilitating the adjustment of farmers and entrepreneurs to a liberalised economy and enabling the private sector and market economy to work, it was also important to induce the government/district council side to adjust to its new role and for the private and public sectors to work together and demand and provide services.

Another relevant factor was that by 1994, the credit supply system had more or less collapsed. Government financial institutions had consistently had problems with loan recovery and so too had some other small-scale business support institutions such as Small Industries Development Organisation (SIDO) and the Village Industry Services (VIS). A number of reviews of the credit and savings situation in Zambia had been carried out and these were referred to in the first programme document (for example, ASIP 1994, Birgegård 1994, Henney 1992, IBRD 1993, Price Waterhouse 1994). Notwithstanding the obvious difficulties, credit (and

savings) were seen as an important element in supporting economic growth and the Credit Guarantee Fund was established as one of the three key components of the EEOA. This assumed that viable, local, private and non-government microcredit institutions would be available or could be established to service the programme areas.

The period of programme preparation was one of intense change and uncertainty. The rapid liberalisation and privatisation of the agricultural sector in the early 1990s coincided with structural adjustment and very high interest rates. Government continued to provide inputs for maize on unsecured credit and manipulated the purchase price in an unpredictable way. In spite of this and the fast pace of change, the broad assumption was made that the government would continue through to full liberalisation, the private sector would respond and develop capacity, and an enabling environment would be created. Some help would be needed especially for the less sophisticated farmers and entrepreneurs in the outlying areas. In order to cope with uncertainty, a high degree of flexibility was built into the programme design with a process approach. The details of the facilitation process, selection of areas within districts, mechanisms for infrastructural funding and credit delivery etc would all be developed during the course of the programme.

1.4 EEOA as an Area Development Project

Key features of Area Development Projects (ADPs) are that they invest in specific, geographical areas which are generally rural and disadvantaged to develop a range of linked or integrated activities across several sectors, largely for the benefit of the rural poor. Sectors may include agriculture (crops, livestock, forestry and fisheries), water supply, health, rural infrastructure etc (Rudqvist et al 2000; World Bank 1993).

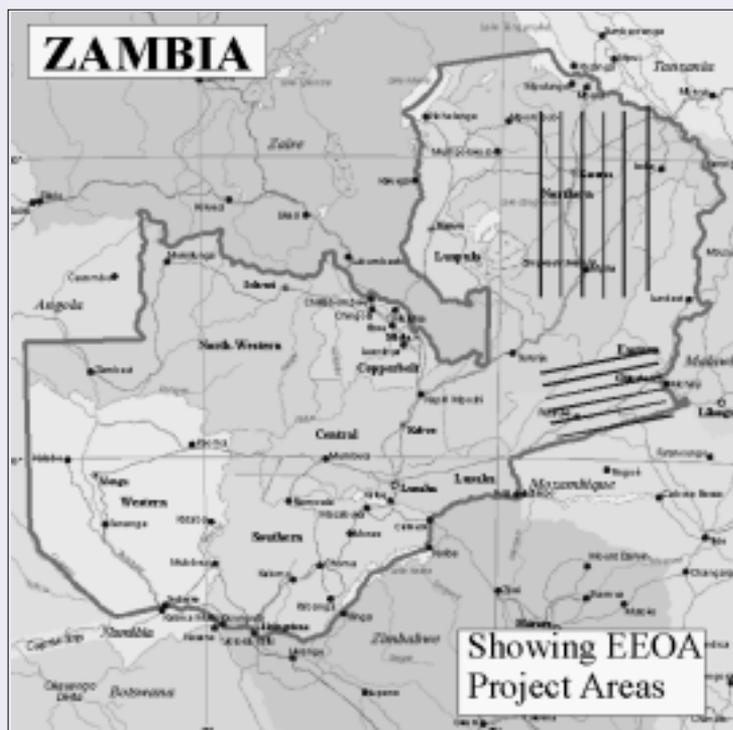
The current generation of ADPs have learnt from the many weaknesses and problems of the earlier IRDPs and emphasise local and government ownership, links to macro policy, a process rather than blueprint approach, participation and sustainability (Rudqvist et al 2000). While some ADPs are truly multi-sectoral and cover well-defined and relatively small geographical areas, others cover broad regions and follow a largely sectoral approach.

In this respect, EEOA is quite unusual. The programme has set up its own management structure, linked to, but outside, the Ministry of Agriculture, Food and Fisheries (MAFF). The sectors supported relate strongly, though not exclusively, to agricultural production, processing, marketing, and supporting infrastructure. The programme has a district focus, with each district programme working in four facilitation areas (and new districts expanding to six). The districts selected have tended to

be the more advantaged of those in the outlying areas, and the FAs have been selected for their development potential (production, access to markets etc) and responsive population. Four or six FAs have been selected in old and new districts respectively with generally 700–1,000 households per FA. A rough order of magnitude calculation indicates that the total households in all FAs in a district would be around 10–30% of the rural population of a district, while 10–15% of the households in FAs would be direct beneficiaries, mainly through interest groups. Only around 1–4% of rural households in a district would be direct beneficiaries.

The term ‘outlying areas’ was defined for EEOA in the first and second phase programme documents as areas which were ‘disadvantaged’ due to poor soils, low or very high rainfall, long distances from major markets, inadequate infrastructure, particularly transport and communications, and little or non-existent processing technology. Typically these were areas outside the line of rail and farmers were thereby at a cost disadvantage relative to elsewhere in the country. This would include the whole of Eastern, Northern and some other Provinces. Within Eastern and Northern Provinces, the first

Figure 1. Zambia, showing EEOA project areas



districts selected have been those along the main tarred national and international highways, and the FAs within selected districts tend to be the higher potential areas nearer to these main highways.

The programme headquarters is in Lusaka. Work started in 1995 in Mpika and Chinsali Districts in Northern Province, and Petauke and Katete Districts in Eastern Province. The programme was extended to Isoka (Northern Province) and Chadiza (Eastern Province) Districts in 1998, and is now moving to Kasama and Mungwi Districts in Northern Province and Chipata and Nyimba Districts in Eastern Province, with minor activities in Lundazi and Mambwe Districts. The programme operates for three years in each FA and a total of six years in a district. Activities are therefore now phasing out in the first four districts. Figure 1 shows Zambia and the EEOA areas of operation.

1.5 Field methods

Information relevant to the main issues highlighted in the Terms of Reference was obtained initially through literature review and interviews with key Sida and other personnel in Stockholm, and key EEOA, MAFF, NGO, private sector and donor personnel in Zambia. Field visits were made to the EEOA programme provinces and various relevant individuals and groups interviewed. A checklist of the main issues was used for the interviews with personnel as well as wide-ranging open-ended discussions. Field visits were made to Northern and Eastern Provinces where two and three districts respectively were visited. In each district, interviews were held with district EEOA staff and a variety of key government and public sector personnel. Visits were made to two facilitation areas in each district for discussion with a variety of groups benefiting directly under the programme. After probing the particular focus of the group, the discussion was broadened to explore relevant issues. In addition, individual households were interviewed using a questionnaire designed to address the Terms of Reference but also to be comparable to the Cambodia and Ethiopia case studies. Households *not* involved with EEOA but in the adjacent multiplier areas were interviewed, as well as those benefiting directly (around 78% of the sample). Female-headed and poorer households were specifically targeted. Interviewees numbered 96 and interviews were carried out by enumerators under the close supervision of one of the core team members. Some of the household interviews were carried out directly by the core team members using the questionnaire as a base and a supplementary checklist to explore relevant issues in more detail. Further interviews were held with EEOA staff, Sida and some key public and private-sector individuals on return to Lusaka. A preliminary draft report was made and presented to a cross section of stakeholders at a one-day workshop in Lusaka.

Chapter 2

The Zambian Context

2.1 Recent history

Zambia became independent from Britain in 1964. Up to that time little attention had been paid to smallholder/village agriculture, save for the introduction by the Department of African Agriculture of improved varieties of plants and livestock for subsistence purposes, and some experimentation with co-operative marketing. The traditional role of Northern Rhodesia (pre-independence Zambia) in the Southern African economy had been as a supplier of labour for mines, industries and commercial farms. Those who resided in villages partly subsisted in a non-cash economy while receiving cash, directly or indirectly, from those who travelled as migrant labour to the Copperbelt, to the farms of the Southern Province and of Zimbabwe, or to the South African gold mines.

After Independence, the development of the rural areas and agriculture in particular became one of the Kaunda Government's high priorities (see summary in Reed 2001). Political developments largely blocked the migration of Zambian labour to the south, and demand for labour in the Copperbelt stabilised and was not significant as a source of new jobs for migrant labour. At the same time, a number of White commercial farmers who felt insecure under the new African regime migrated to Zimbabwe and South Africa, leaving a shortfall in maize-production capacity. In any event, the dependence of the country upon White commercial farmers for supplies of the staple maize crop was considered intolerable in the light of the racially polarised Rhodesian war. Zambia's revenue base was strong due to reversion of mineral rights to the government and to high copper production in a strong market buoyed up by the Vietnam war.

Agricultural interventions were pursued in the following categories:

- Establishment of State farms
- Agricultural production by the Zambia National Service (ZNS)
- Promotion of smallholder farming through co-operatives and the establishment of a subsidised national marketing system – NAMBOARD for maize, LINTCO for cotton and soybeans, TBZ for tobacco, the Coffee Board for coffee.

State farms and the Chinese-style production of the ZNS failed in due course. Support for smallholders through fertiliser and seed loans and through guaranteed pricing of maize persisted for some time. Although there was an attempt to introduce other cash crops, maize was still the core crop, providing food security and cash at the same time. It was at the heart of the 'social contract' between government and smallholder. No other crops received nearly as much finance or guarantees of purchase from the State. Meanwhile, its price was heavily subsidised in the urban areas, and the price of mealie meal²⁰ became the symbolic ground on which the populace expressed its political discontent, and upon which the government expressed its 'caring' for the people.

By the late 1980s the input, transport, marketing, milling and retail subsidies of the maize industry were probably the main fuel for hyperinflation. The system was clearly unsustainable and started breaking down at all stages. It was 'officially' brought to an end in 1992 by the new Movement for Multiparty Democracy (MMD) Government that had removed the Kaunda Government by a landslide victory in late 1991. The marketing of maize, seed and fertiliser was declared liberalised with the hope that the private sector would automatically take over.

In 1992 the extent of maize mono-cropping in the south, centre and east of the country was spectacular. The drought of 1992, which wiped out all maize in the southern half of the country, exposed the fact that the cultivation of all other carbohydrate crops had virtually ceased throughout the area. The proportion of land planted to maize in the Southern Province was estimated by air reconnaissance to be upwards of 98%. The new government announced a policy of support for crop diversification.

The ten years of MMD since 1991 have been marked by an evident gap between pronouncements and actions. The policies of liberalisation and diversification have gone hand in hand with the continued supply of fertiliser on unsecured credit for maize production. A variety of institutional and financial arrangements have tended to obscure the extent of government involvement and insulate it from conditionalities imposed by donors. Periods of high maize prices have been characterised by the appearance on the market of maize meal that is obviously subsidised. The recent period of maize deficit that coincided with the run-up to the national elections of 2001 was laden with various forms of price control not backed by law, including threats by government officials to millers and retailers. The obsession with maize as the only 'real' crop and the only 'real' foodstuff still exerts its baleful influence.

²⁰ The staple food in Zambia, consisting of finely-ground cornmeal. To prepare it, the meal is boiled in water to make *nshima*.

The success of market liberalisation was threatened from the outset of the MMD period by macroeconomic policies of structural adjustment. The first year of full, free maize marketing in 1993 also featured Zambia's highest ever interest rates, rising to over 200% per annum. Such interest rates, and the fact that their future movement was unpredictable, were a powerful disincentive to the purchase and storage of all agricultural commodities, including maize. They also acted as a powerful inhibitor of production, except where unsecured and thus non-repayable credit was available. The draconian interest rate regime was supposed to last for a transitional period of two or three years, following which the Zambian economy would enter a growth phase. However, the transition is still continuing, with current rates at over 30% in real terms. Rates have been kept high at least in part by the government's desire to maintain an overvalued currency (the *kwacha* is fully convertible) for the benefit of consumers. This in turn has depressed *kwacha* commodity prices in both domestic markets (due to cheap imports) and export markets. In summary, *Zambia's macroeconomic policies in the past ten years have had a negative impact on producers and traders in the slower moving commodities.* The increasingly common allegations that the policy of liberalisation was too speedily implemented and has consequently failed should be understood in this context.

Agriculture has received a low priority over the MMD period. The Food Reserve Agency (FRA) has never been funded to carry out its functions of price stabilisation and the maintenance of a strategic reserve. The Ministry of Agriculture, Food and Fisheries (MAFF) – now the Ministry of Agriculture and Co-operatives (MAC) – has had seven ministers in ten years. Response to dissatisfaction in the sector is through 'human sacrifice' rather than through considered reform.

While government surreptitiously continues subsidies to maize producers and consumers, the private sector, the NGOs and the donors have been attempting to get the new, ostensibly liberalised agriculture sector working. Results have been promising, though hardly spectacular. Commercial farms and estates have made strides in the production of horticultural exports such as sugar and coffee. The most significant success in the smallholder sector has probably been the increase in cotton production, brought about by outgrower operators such as Lonrho Cotton and others following the privatisation of the State-owned LINTCO. The smallholder tobacco sector has yet to exceed a few thousand tonnes (a fraction of Malawian production) and production of groundnuts has yet to return to historical levels. The poor diversification in food crops is largely responsible for continuing seasonal food shortages, which are more widespread following a relative failure of the maize crop.

Following presidential and parliamentary elections in the last week of 2001, Zambia has a new President and a largely new Cabinet, although

the MMD Party continues in power (but with only 28% of the nationwide vote – significantly less than the heavy majorities of 1991 and 1996). In his inaugural speech, President Levy Mwanawasa announced that his government will place priority upon agriculture. First indications were that it intends to ‘return to the past’ rather than place trust in the market. The first measures included the renaming of the ministry to include co-operatives, its placement under the Office of the Vice-President, and the re-establishment of a national authority for maize marketing.

In his speech at the opening of Parliament on 22 February 2002, Mwanawasa announced a number of specific policies that reinforce the picture of nostalgia for the socialist marketing system. These include:

- Strengthening of a (State-operated) input-supply system
- Establishment of a new Crop Marketing Agency to replace the existing Food Reserve Agency to act as a buyer of last resort for ‘specified crops’ (in practice maize would dominate any list of specified crops)
- The use of co-operatives and farmer associations as vehicles for government intervention, with the purpose of rationalising and targeting service delivery
- Cost reduction of agricultural inputs (presumably through some form of subsidy).

Although the importance of the private sector in the agricultural policy framework is stressed, it is also explicit that the attainment of market liberalisation and commercialisation is a long-term goal.

In his budget speech and budget, presented to Parliament on 1 March 2002, Finance Minister Emmanuel Kasonde put flesh upon these elements of policy. The total budget for the Ministry is increased from ZMK 88 billion to ZMK 231 billion – in real terms a doubling from USD 30 million to USD 60 million. Almost half of this – ZMK 100 million – is allocated to the purchase of 80,000 tonnes of fertiliser (about the maximum amount that the village sector has ever been able to absorb). ZMK 50 billion from this amount is explicitly provided as a subsidy ‘on fertiliser sold to targeted small-scale but commercially viable farmers, with each expected to grow one hectare of maize’ (Times of Zambia 2002). Imported fertiliser is thus to be provided at less than half price to those fortunate enough to be targeted. The unsecured credit system will not be dismantled, and the intention is to import fertiliser and to subsidise maize production. ZMK 2 billion is provided for the establishment of the Crop Marketing Authority (though this is plainly too little to allow it actually to operate). ZMK 15 billion is also provided for support to outgrower schemes dealing in non-maize crops – a matter of some interest to the EEOA programme since this will presumably take the form of ‘soft’

money for small-scale commercial developments such as are already taking place in some areas of operation. The gratifyingly frank presentation of government reservations about liberalisation should remove any illusions concerning the context in which a programme such as EEOA is operating. Farmers still look to government to supply the most expensive input and to purchase the (maize) harvest. The popular view is that government should fulfil both these functions. Many EEOA staff mention government as a major impediment to the success of their work.

Notwithstanding the many problems and challenges facing the agricultural sector, it is undoubtedly a dominant economic activity in Zambia. It generates around 22% of GDP and provides livelihoods for more than 50% of the population. Agriculture is growing in importance as the mining sector declines and is regarded as the engine of growth for the future.

2.2 Demography and population composition

Zambia has a population of just over ten million according to the 2000 census. Very roughly, half the population lives in rural areas and half in urban areas (Table 1). About half the population is children under 16 and half is adults. There is a very slight preponderance of women in the overall populations.

| Province | Status | Population |
|---------------|---------------------|-------------------|
| Central | Mixed urban/rural | 1,007,000 |
| Copperbelt | Urban | 1,658,000 |
| Eastern | Predominantly rural | 1,301,000 |
| Luapula | Rural | 785,000 |
| Lusaka | Urban | 1,432,000 |
| Northern | Rural | 1,407,000 |
| North-Western | Rural | 611,000 |
| Southern | Mixed urban/rural | 1,303,000 |
| Western | Rural | 783,000 |
| TOTAL | | 10,287,000 |

Source: National Census 2000, Government of Zambia 2001

Population density in rural Zambia is exceptionally low for such a well-watered country. It averages one family per square kilometre, with lower densities still in the Northern and Western Provinces, and higher in Luapula, Southern and Eastern. Mpika District in Northern Province is larger than Holland but has a population of only 145,000. However, land

pressure, though moderate by some African standards, does exist in some parts and migrant farmers from the south are found in Northern Province mainly due to persistent drought and availability of land for settlement on retirement.

Ethnically, the vast majority of Zambians are Bantu speakers, with less than 1% of the population being of other racial origin. (Northern Rhodesia was a protectorate, not a colony, of Britain and was thus not a favoured destination for European or Asian migrants.) There are estimated to be some 80 tribes in Zambia, falling into seven language groups. They differ considerably in their political and cultural history, and they differ most particularly in their agricultural traditions and practices. The traditions and practices of people from the Eastern and Northern Provinces in which EEOA operates are notably diverse.

Per capita income in Zambia is estimated at USD 300 per annum, with poverty more severe in rural areas. Selected indicators are given below (Box 1):

Box 1. Rural poverty in Zambia

- Dependency ratio: 0.98 dependants per adult.
- 25% of households have a dependant child with neither parent in the household.
- 25% of rural households (vs 20% of urban) are female headed.
- 33.5% of rural people over 6 years have no education; 59% have only primary education.
- Median years education for rural people is 2.6 years (3.9 for men) vs 6.3 for urban people (7.3 for men). 4% of couples have no schooling at all between them.
- Median time to reach water source for rural people is 20 minutes.
- 55% of rural households have neither bicycle nor radio (vs 28% in urban areas).
- 71% of rural women have no access to mass media (55% for rural men). For Northern Province the figure is approximately 80% for both sexes.

2.3 Agricultural economy

Zambia has a sub-equatorial climate with a single rainy season and ample arable land. However, farming the land successfully does present challenges. Rainfall is generally adequate in the north but decreases in amount and reliability to the south of the country. The soils are generally low in organic matter content, of low inherent fertility, and poorly buffered against acidification by nitrate in rain or fertiliser. When not corrected by liming, this last factor tends to lead to the deterioration of fields and their eventual abandonment. These soil chemistry problems are

more marked in the north than the east or south of the country. In terms of mechanical properties, many soils readily cap and pan, presenting problems with adequate timely cultivation operations. Weeds, some notoriously difficult to control, develop rapidly in the warm moist conditions of the growing period. Likewise, a wide range of vigorous fungal, insect and other pests can afflict crops at critical periods in the year. Under these conditions, well-capitalised and managed commercial farms equipped with the paraphernalia of heavy machinery, agrochemicals, hybrid seed, access to soil testing etc, routinely achieve crop yields that are amongst the highest in the world. But the difference between commercial and smallholder yield-per-unit-area is considerable – a fivefold difference is typical, and tenfold unremarkable.

A similar story can be told of livestock. Zambian commercial ranches, practising selective breeding, tick and disease control, improved pastures, mineral supplementation and rotational grazing, are equal to any ranch in the US or South America. The traditional cattle areas that lie immediately adjacent to them were previously overgrazed, disease-ridden and of low productivity, but are now largely undergrazed due to the reduction in the cattle population from disease. Attempts to narrow this dichotomy have been numerous – but they have uniformly foundered.

To farm successfully in Zambia requires a considerable degree of sophistication and an appropriate temperament. Given the low level of education characteristic of the rural areas and the fact that many individuals are farming by default and not from choice, it is perhaps not so surprising that many extension efforts, credit schemes, marketing initiatives etc have failed, although poor infrastructure and the breakdown of rural governance are contributory factors. The prolonged recession in the Zambian economy combined with difficulties of access to foreign markets, creates generally weak demand for standard agricultural commodities. Furthermore, there is an absence of long-term credit for capital investments, placing additional strain on any farmer seeking to improve his or her lot.

Nonetheless, there are striking regional differences. The characteristics of two peoples in two provinces – the Northern and the Eastern – which correspond to EEOA's operational areas result in distinct outcomes for agricultural production. The Bemba in the north are ingenious farmers, responsible for developing slash-and-burn methods of rotation between forest and crop or between grassland and crop. Bemba cultivation was described prior to the Second World War by Audrey Richards (1939) in a famous monograph that describes the *citemene* system of burning brushwood to keep the soil fertile. Traditionally, permanent fields hardly exist in the north. The area has high rainfall with generally weak, acid soils and does not naturally lend itself to permanent cultivation. Problems with breeding rot-resistant maize delayed the impact of NAMBOARD

upon the Northern Province and it is less addicted to maize growing as a sole economic activity. Although small stock is kept, the Bemba do not keep cattle, traditionally obtaining much of their protein from hunting, especially in the game-rich Luangwa Valley and Bangweulu wetlands.

The Nyanja-Chewa people who dominate Eastern Province are sedentary cultivators and cattle keepers. Since this was also the politically-dominant tribal group during the Kaunda era, it tended to be well-served by NAMBOARD and quickly adopted maize mono-cropping. Earlier accounts make clear that Eastern Province was once the grainbelt – a surplus producer of maize and groundnuts (Tembo 1992) – and imported maize was not needed in the province until the close of the year. In a good season, Eastern Province still produces a surplus. However, crop production in all provinces is erratic due to weather and fertiliser supply problems, but in the last good rain year – 2000 – maize was in excess supply in all the maize-growing provinces and the price fell to USD 70 per tonne. Had the FRA sufficient funding to bring this surplus into food reserve, reselling it now could have gone some way to alleviate the current food shortage.

Do Zambia's village farmers have any comparative advantage? The one advantage that has been and continues to be exploited is the availability of family labour. Mechanical picking of cotton cannot match manual picking for quality and Zambia has developed a niche in the world market for hand-picked cotton. Production is only economic because immediate and extended family, including young children, is available to do the harvesting. The return to such family labour is probably on the order of USD 0.20 per head per day. Commercial producers are obliged to pay more than this for labour, and as a consequence cannot produce hand-picked cotton profitably.

Another crop that taps family labour availability is burley tobacco. This is grown mainly in Eastern Province and represents a spillover from Malawi. It has remained static for many years, however, because of the difficulty outgrower operators have in enforcing compliance with contracts. Farmers may receive loans from a tobacco company but then sell to another buyer without repaying the loan (sometimes prompted by poor prices or political incitement). The problems with burley are a good illustration of the legal-institutional weaknesses that impede commercial development in Zambian agriculture (Box 2). Technically, the Tobacco Act controls unlicensed buying of tobacco, and the Agricultural Credits Act provides for lenders to register and enforce their loan repayments. In practice neither Act has teeth. The Tobacco Board fails to monitor or take action against 'raiders' and the Credits Act lacks even the registries whose existence it calls into being. Most land in the Eastern Province is not titled, despite the new Lands Act of 1995 (see Section 3.3.3 Land tenure), and thus cannot be used as collateral by lenders.

Box 2. Registration and licensing of traders

'I also wish to emphasise that my Government cannot allow the culture of loan default to continue unabated amongst farmers, agri-business companies and politicians. This culture is un-Zambian and all concerned have no choice but to abide by the laws of the land on this critical issue. ... measures outlined require that we retain some control and regulation of farmers and service providers. From 2002, Government will establish compulsory registration and licensing of all farmers and service providers to improve planning and targeting of business related services.'

President Mwanawasa, Speech on the opening of Parliament, 22 February 2002 (Sunday Times of Zambia 2002)

One of the fundamental problems with the maize industry is that the village producer has no obvious comparative advantage over commercial producers. It is for this reason that the government-sponsored support system for the crop was doomed to failure, even without the inefficiency and corruption that characterised it. Maize is working-capital intensive, with over USD 250 of inputs required for a correctly grown hectare. It is not labour intensive, and there is no premium on it when hand harvested. The crop is extremely sensitive to imprecision, dropping its yield sharply if planted late or planted unevenly. Year-by-year yields and market prices vary substantially – something a commercial operator can tolerate by dint of access to medium-term financing, but which threatens even the household food security of the small producer. Most especially, the economics of maize as a marketed crop are adversely affected by its low value per unit of weight. For a farmer who is not close to the end-user, the cost of transportation reduces the farmgate price very significantly. Poor road infrastructure often exacerbates the problem, increasing the cost per kilometre fivefold or more. The popularity of the crop is due almost entirely to historic subsidies and price guarantees – and the perception or hope that these will continue.

Anarchy at the grassroots is the main impediment to livestock development. Eastern, Southern and Central Provinces are severely afflicted by strains of East Coast Fever, a tick-borne cattle virus disease. In colonial times, and on commercial farms to this day, this was controlled by dipping against ticks. To be successful, this requires that all cattle in the control area are dipped more or less simultaneously. In years past, this was achieved through compulsory free dipping enforced through the authority of traditional chiefs and headmen. After Independence, these powers were stripped away and transferred to government officials; the result has been nearly 20 years of high cattle mortality.

Oilseeds and legumes are promoted both commercially and by donor interventions throughout Zambia. There are various traditional varieties of bean and groundnut that find a ready market in urban centres. The

groundnut industry once looked set to expand significantly in Eastern Province but has instead collapsed in the face of technical and marketing problems. Soybean has been introduced to small farmers but is still grown only on a very small scale. Sunflower, despite its negative rotational qualities, is perhaps the most successful of the oilseeds, with industrial mills contracting small producers (not without problems of crop raiding) and small expellers being used within villages. The crop is low input, easy to grow and tolerates imprecise timing of planting to some extent.

Only 'western' crops are statistically monitored by government. There are undoubtedly significant crops and markets that are off the official radar screen. These include cassava – an extensively grown traditional crop²¹ in the north, north-west and west of the country. It is found in all markets in urban Zambia but no accurate figures exist of production levels or market volumes. Another 'invisible' crop is sweet potato. Production of this has boomed, particularly since the introduction of a high-yielding acid-tolerant variety known locally as *chingovwa*.

2.4 The role of the smallholder farmer in the emerging market economy

Farmers in Zambia have been described as subsistence, emergent, medium-scale and large-scale farmers (Ministry of Agriculture, Food and Fisheries 2001b). In this categorisation, subsistence farmers number around 500,000 and grow food crops purely for consumption – 'own-account' producers in recent development-speak. Emergent farmers number around 120,000 and grow food and cash crops on a commercial and subsistence basis on 10–20-hectare farms. There are around 25,000 medium-scale farmers on 20–60-hectare farms growing food and cash crops, and around 750 large-scale farmers growing cash crops on a commercial basis.

Smallholder farmers generally cultivate 1–2 hectares with hand hoes and sometimes with hired oxen or oxen they own. Use of tractors is very limited and even oxen have declined markedly in recent years due to the prevalence of East Coast Fever. Smallholders grow maize as their principal cereal and a restricted range of other crops. The growing of cash crops on small farms is a relatively recent phenomenon in many areas and the sort of responsiveness to the market that has been documented for pre-colonial West Africa appears to be virtually absent. Maize has few advantages but its widespread use reflects longitudinal government com-

²¹ Cassava is in reality no more traditional than maize, both being of New World origin, but Zambian Government classification of crops is status based rather than agronomic.

mitment to a command economy with irrationally priced inputs and extremely lax credit repayments. As a consequence, farmers are lacking both in flexibility and all types of key technical skills²². State safety nets and the inevitable World Food Programme trucks have discouraged real development in agriculture and reinforced a continuing desire for hand-outs. The serious famines throughout Southern Africa in 2002 illustrate better than any abstract analysis the continuing bankruptcy of both State policy and donor intervention. Smallholders have also learnt that incessant flattery of donors often produces better results than innovation and imagination.

The most significant growth area has been in the various outgrower input credit schemes supported by NGOs and commercial companies. Moreover, the demand for vegetables from schools, hospitals and supermarkets is beginning to create a class of profit-oriented horticulturists. If government commitment to liberalisation is maintained then the profile of such smallholders will gradually be transformed.

Private-sector involvement and markets have nevertheless grown and an increasing number of emergent smallholder farmers now operate in a broad context of input and output markets. However, the majority of rural farmers who would be considered as subsistence farmers are still largely outside recognisable markets and grow food crops almost entirely for consumption. There is an export trade in sweet potato to Botswana and beyond to South Africa. This is reported to be 'large' but has not been statistically assessed.

2.5 The private sector

2.5.1 The nature of the private sector

This section excludes direct commercial farming, except where it interacts with small farmers. Trade in agricultural commodities has always existed in Zambia: cattle from Barotseland were driven southwards by commercial traders before the end of the 19th century; Asian traders in Eastern Province purchased maize and other commodities at rural shops and trading posts from the 1920s onwards, often dealing in extremely small quantities; outgrower style promotion of oriental tobacco growing in the north of Zambia was organised from a base in Southern Rhodesia (Zimbabwe).

The Zambian private sector has long had to contend with restrictions on and interference in its activities. Non-Zambians (mostly Asians in reality) were barred from small-scale trading in the early days of the Kaunda

²² This is very much in contrast to the past, where the cultivation systems of the pre-colonial era are now much admired for their environmental sustainability.

regime. During this era, marketing boards existed for many commodities and price controls were exercised on others. Tobacco, cotton, beef, sugar, wheat and even vegetables – as well as maize – were subject to the all-too-visible hand of government. But, apart from the clandestine interventions in maize and fertiliser marketing discussed earlier, free market conditions currently prevail.

With respect to maize and fertiliser it is often claimed by government that the private sector has failed to enter these areas (thus requiring government intervention). But it is precisely the erratic and secretive nature of government intervention that has deterred the private sector. The context in which the private sector operates at the present time is unfavourable in two marked respects: one is the monetary regime of high interest rates and taxes that continues to prevail; another is the lack of a proper legal–institutional framework for the enforcement of contracts and standards.

In the export sector, where local monetary and fiscal factors are less important, the private sector has tended to be fairly vibrant. The cotton contracting and processing business has expanded considerably since liberalisation. There are four outgrower operators in the business, the leader being Dunavant. The legal–institutional problems that afflict tobacco are less significant with cotton because its value–weight ratio is such that it cannot be moved far as raw seed cotton can, but requires to be processed in an industrial ginnery. There are only a handful of these in Zambia, quite widely dispersed, and only a limited amount of co-operation between operators is needed to deal with the threat of crop raiding.

There is strong linkage in the private sector between the following inter-related activities:

- Input supply (sometimes with credit)
- Transportation
- Processing
- Marketing.

Eastern Province has the most developed private rural trading system in Zambia due to a concentration of entrepreneurs of Indian origin around Chipata, and extending into Malawi. Northern Province, by contrast, is far less developed commercially and many small-scale producers market beans, groundnuts and even cassava by travelling 800 kilometres to the Copperbelt to sell directly to retailers or consumers. Small traders (‘briefcase traders’) have largely taken over the role of State-supported institutions in the local purchasing of maize throughout the country. Although derided as *kaponyas* (thugs) and as unscrupulous middlemen, there is little evidence that they take unfair profits. Local maize buying is extremely

time consuming, sometimes requiring that a trader remain at his 'depot' for a month or more in order to accumulate a 30-tonne load to justify bringing in transportation. Traders also take in consumer goods, including second-hand clothing, and establish 'supermarkets' close to their depots to encourage the sale of maize by villagers. The generally low prices paid for village maize in the first half of the marketing season in recent years are due mostly to the depressed nationwide market, since they are also experienced by commercial producers with far less dependence upon marketing intermediaries.

2.5.2 Attitude of government towards the private sector

The Zambian private sector is sometimes described as the semi-public sector, since the larger part of private sector activity is traditionally related to supplying or servicing government. Even the part of the private sector that relates to small-scale farming is dependent upon a measure of government supply or subsidy. Omnia Small-Scale, for example, a subsidiary of the South African Omnia Fertilisers, has been dependent upon commissions from government for the supply of fertiliser to small farmers. Sable also depends upon government contracts/subsidies for the delivery of inputs and for the ongoing importation of maize from South Africa.

A common attitude in government is that privatisation and liberalisation have been forced upon Zambia by international donors intent upon their global agenda. This is common amongst civil servants and politicians, and predominates over a genuine belief in the merits of the free market. Producers are generally respected, although commercial estates are sometimes subjected to vilification by politicians over labourers' conditions and treatment. Lonrho Cotton has in the past been subjected to negative publicity over prices paid to cotton producers. The private sector is 'easy meat' for self-appointed activists, but this is not unique to Zambia. Small traders, as always, are easily identified as exploiters of small producers. The real costs in time, transportation etc that are faced by such people, together with the need to meet them from a limited and uncertain turnover, are not readily seen.

To what extent is Zambia's private sector affected by monopolies and cartels? The common suspicion is that certain classes of trader or producer do act in collusion to raise or lower prices. In the context of EEOA's operational areas, the most significant alleged group is the Asian traders of Eastern Province (this is discussed more fully in Section 4.2.2, Learning between EEOA and other programmes). Farmers have attempted, formally and informally and on many occasions, to set minimum prices for their crops. They have always failed due to individuals breaking ranks. Although there is some a priori suspicion that cotton or tobacco

outgrower operators collude to reduce producer prices, there is little reliable evidence of this. The geographic spread of small-scale buyers leads to a degree of local monopoly – especially for low-value commodities such as maize. However, prices are fairly well standardised and, as mentioned earlier, largely dependent upon the supply-and-demand situation nationally.

Government's actions are of more significance than mere attitude. So far, under the MMD, no serious assault on any private agricultural business, far less a nationalisation, has occurred. However, the view that the private sector is 'not up to the job' is being increasingly expressed, and has been given great impetus by the Anglo-American Corporation recently pulling out of the KCM mining company. This has serious implications for the relevance of the EEOA approach and the sustainability of activities facilitated by the programme, as discussed under Section 4.3 Sustainability.

2.5.3 Future policy directions

Three important draft policy documents were prepared during 2001: the National Agricultural Policy for 2001–2010, the Agricultural Commercialisation Programme for 2002–2005 and the Poverty Reduction Strategy Paper. All three see economic growth through a liberalised economy as the way forward and agriculture as a key engine of growth for Zambia. This is very much in line with the EEOA programme. The new government, which took office in early 2002, has however taken steps, outlined above, which question its commitment to a liberalised economy. None of the three policy documents were made official and they will therefore need to be endorsed and probably revised by the new government. At the same time, prospects for the mining sector are poor, which should increase emphasis on agriculture. Until the government clarifies its position on these issues through actions, the future is uncertain.

2.6 Changing conditions for rural development

2.6.1 Deregulation and institutional changes in the 1990s

To a large extent the agriculture sector became de facto deregulated in the 1980s. As the apparatus of State marketing and regulation gradually crumbled, market forces took hold and even maize became a privately-traded commodity to some extent. The MMD Government formally removed subsidies and controls, and privatised the agricultural parastatals in the early 1990s.

An important aspect of deregulation has been Zambia's entry into various trading protocols that permit imported agricultural commodities –

including those that have been subsidised at some stage – into the country at low or non-existent tariffs. Zambia has become a dumping ground for a range of agricultural products, including milk, poultry, wheat flour and rice. The responsibility for preventing this situation is with the understaffed Ministry of Commerce, Trade and Industry. MAFF has imposed some constraints through flexible use of sanitary and phytosanitary regulations. Further threats from imports come as a consequence of the smuggling of food aid from neighbouring countries, particularly the DRC. The situation can only be described as unsatisfactory for local producers.

Removal of direct government economic control in the agricultural sector has not been counterbalanced by a regulatory framework in which the free market can operate transparently and effectively. Contracts between buyers and sellers – especially small contracts – cannot easily be enforced through the cumbersome court system. The lack of protection afforded to either party in a forward transaction is a severe hindrance to the effective working of the free market. Grading and quality standards are effectively non-existent. Although there is a Competition Commission, nothing in the agriculture sector prevents monopoly pricing or collusion between buyers. Although commercial farms are adopting codes of conduct under pressure from foreign customers, this has had little impact in the smallholder sector.

The government elected in 1991, after decades of a one-party State-controlled government, set in motion a rapid deregulation process which had mixed results. Marketing parastatals, co-operatives and lending institutions collapsed but were not immediately replaced by the private sector, leading to serious problems, particularly in outlying areas. Continued government interference in maize has led to its own problems including dependency, low crop diversification and continued seasonal food shortages.

The lack of secondary markets that could absorb products supplied by small traders constrains both small producers and traders. While the business community is interested in establishing secondary ventures, the lack of long-term credit locally makes this difficult. Some foreign investors have invested in selected crops for the export market using only off-shore funding, leaving all other crops without a well-organised market.

2.6.2 Related NGO and other private-sector programmes

One of the most successful results from liberalisation has been the growth of a variety of private-sector driven outgrower schemes which facilitate production of specific crops such as cotton, sunflower, tobacco, paprika, soybean, horticultural products etc, mainly by smallholders. The provi-

sion of inputs on credit, extension advice and the availability of a market are vital ingredients. These are provided by commercial companies for specific crops with which they are concerned (for example, Dunavant for cotton, Dimon for tobacco). A number of NGOs and programmes including EEOA promote a wider variety of crops through different arrangements for credit, extension and marketing (for example, CLUSA for paprika, sunflower, soybean, Africare for cotton, sunflower, soybean, groundnuts etc). It has been estimated that there are 180,000 smallholders involved in cotton, 1,500 in paprika and 6,000 in tobacco (Ministry of Agriculture, Food and Fisheries 2000).

Credit for inputs is the most difficult area and is usually provided through distributor farmers or outgrower managers to groups of smallholders who pay back in kind. Whereas the commercial companies pay for this directly, NGOs tend to make arrangements with existing microcredit organisations. Extension and advice is important in order to achieve reasonable yields, and also to facilitate the use of improved varieties and seed treatment which allows a degree of commercialisation of what might be considered a traditional crop (for example, beans in Northern Province). The commercial companies provide an assured market for their product (for example, for cotton or tobacco) with different arrangements for collection and payment. NGOs tend to link producers to traders and agribusiness.

NGOs also put more emphasis than the commercial companies on the formation of viable farmers' groups, training in crop production, business management, marketing, group formation etc, market information, developing links and networks, and sometimes processing and infrastructure. EEOA supports all these and has had good success with outgrower schemes. While EEOA does not focus on or promote any specific crop, commodity, or business idea, some NGOs tend to focus on a limited range of crops and the commercial companies of course only promote the crop in which they are interested.

Chapter 3

SL Analysis

3.1 Livelihoods portfolio/diversification

Sustainable livelihoods analysis tries to move away from stereotyping rural dwellers as agricultural producers and presents a more rounded image of the diverse sources of income they can access, as well as the risks and choices they face in broadening their options in this way. In particular, the poor are now seen as producers, labourers and consumers rather than merely passive victims of a process of impoverishment. The study therefore explored the pattern of changing livelihood options in the EEOA areas and the extent to which these could be attributed to the introduction of innovative local-level processes.

The previous section documents the remarkable dependence on maize and the continuing obsession with its production by both smallholders and government, despite its very obvious agronomic and economic limitations. The liberalisation of the economy has brought a wider range of staples and other crops onto the farm, but the widespread prevalence of hunger suggests that this process is so far ineffective.

Agricultural income may also come from crops specifically grown for cash (such as cotton, coffee etc), as well as selling surpluses of food crops, smallstock and, very occasionally, livestock. The opportunities for cash-crop production appear to have improved during the last five years (albeit after the near collapse of smallholder agriculture) due to various initiatives including commercial outgrower schemes (for example, Dunavant cotton) and more locally, the outgrower schemes facilitated through the EEOA.

Various opportunities for generating non-farm income were mentioned during the meetings and interviews but these do not seem to be widely and systematically used, with households generally relying more on agricultural income. The most common new sources of income mentioned during the interviews are shown in Table 2:

Table 2. New sources of income stated by interviewees

| | | |
|----------------------------|-----------------------|-----------------------|
| Selling new cash crops | Tailoring | Carpentry |
| Selling surplus food crops | Fish and fish farming | Seed multiplication |
| Grocery | Radio repairing | Lending money |
| Baking | Jam and juice | Long-distance trading |
| Selling livestock | Remittance | Restaurant |
| Beer brewing | Charcoal sales | Employment |
| Blacksmith | Second-hand clothes | Outgrower manager |

Most of these are, of course, only new for individuals and many were cited by only one person. Selling crops, baking and brewing are by far the most common sources of income. Apart from this, it is useful to have some idea of the income-generation opportunities that people perceive to be available if they have money.

Although migration to the towns in search of employment used to be important, particularly in the north which traditionally provided labour for the copper mines, it is declining. The crumbling mining sector, the collapse of the parastatal sector and the increasing problems of making a living in towns are likely to be factors in this return to rural areas. It is also of interest as it runs entirely counter to the ‘Washington consensus’ which holds that a major process of urbanisation in the developing world is making agricultural intervention increasingly less relevant.

Working as casual labour on the more successful small farms or larger farms is and continues to be a source of income and, more importantly, a survival mechanism in times of hunger. Payment is generally as food, often with a small cash supplement. This came across during the survey but was not captured as a new activity. The opportunities for this appear to have increased as a result of the greater business orientation of some farms in the EEOA facilitation areas.

3.2 Vulnerability

One of the key emphases of the rural livelihoods approach is on reduced vulnerability at the level of both the household and the individual. Vulnerability can be in terms of food security, climatic variability, threats of violence and civil disarray, and drains on household resources through long-term sickness. In contrast with the situation in the other country studies, political stability and personal security are not major issues in rural Zambia. Businesses, however, are the subject of violent robberies and security guards are ubiquitous; for larger enterprises, this is a serious cost. Rural areas and peri-urban areas are also adversely affected by theft of food crops in the

fields and cattle rustling. These were reported in both Eastern and Northern Provinces.

3.2.1 Food security

Seasonal shortages of food during the rainy season remain a feature of life in the rural areas in Zambia. There were problems in all areas visited during the survey, including the main towns, which became worse as the year progressed and eventually developed into a full-blown famine. Eastern Province, which has historically been a major grain producing area in Zambia (Tembo 1992), is now experiencing some of the worst shortfalls. The causes are irregular input price and availability and lack of diversification in food crops, with very high dependence on maize as the main staple. Other staples – cassava, millet and sorghum – are both more common and more diverse in Northern than Eastern Province. Without a range of crops suited to varied climatic conditions, and low levels of adaptability among farmers, the very heavy rains of the 2000–01 season and the low rains in 1998–99 and 1999–2000 have had serious consequences. However, the situation is exacerbated by government involvement in provision of subsidised fertiliser and seed credit through the FRA. Availability and timeliness of delivery are unpredictable, but farmers would rather persist with irregular inputs than adopt risk-averse strategies that would lift them out of the maize–fertiliser nexus. Table 3 shows interviewees’ perceptions of the change in food security over the last five years.

Table 3. What changes have there been in food security over the last five years? (n=96)

| Prevalence | No. | % |
|------------|-----|------|
| Better | 57 | 59.4 |
| No change | 12 | 12.5 |
| Worse | 24 | 25.0 |
| No answer | 3 | 3.1 |

Those answering ‘better’ were for the greater part either in Northern Province or were EEOA adherents, suggesting that there has been an overall deterioration in Eastern Province – a view confirmed by other aspects of the interviews.

In the village interviews, only a small proportion of people had received some form of direct food aid (6 out of 96, or 6.3%). This was not a systematic sample and so should be treated sceptically since food-aid distribution is not always consistent, but is nonetheless indicative. Malnutrition is also reported as a problem with the poorer households in rural areas, though this could not be assessed. In a high-rainfall, low-population density country like Zambia, this is

quite unnecessary and reflects the chronic mismanagement of the agricultural production system.

A major aspect of the agricultural production system is the use of draught oxen. Weak access to labour resources means that cultivating enough land to feed the household requires considerable effort. Ideally each household would own a pair of cattle, but in fact 66 out of 96 households (69%) had no oxen at all. Tractors are unknown for this type of smallholder. A few households (6) could afford to hire oxen, but the great majority relies entirely on hand hoes. The mean number of oxen in all households was 0.82 and in the 30 households owning oxen, it was 2.63. Table 4 shows the incidence of draught oxen use in the sample:

| Table 4. How do you cultivate land? | | |
|-------------------------------------|-----|------|
| | No. | % |
| Not a farmer | 3 | 3.1 |
| Hand hoe | 57 | 59.4 |
| Hired oxen | 13 | 13.5 |
| Own oxen | 23 | 24.0 |

There is considerable evidence that the use of draught power has decreased in recent years due to the incidence of the tick-borne East Coast Fever, whose prevalence reflects the collapse of the dipping system and the ineffectiveness of the animal health services.



*Photo: Trygve
Bølstad/Phoenix
Bazaar Bildbyrå*

Box 3. 2001–2002 Crop failure

Since the study was conducted there has been a moderately severe drought and widespread failure of the maize crop to compound the dismal picture that we found. The poor weather was regional – affecting Malawi, Zimbabwe, Mozambique and even South Africa. The World Food Programme has obtained some donor assistance and is importing and distributing some maize in affected rural areas. The national shortfall – including maize required by commercial millers – is estimated at 600,000 tonnes – about two-thirds of the shortfall in the ‘super drought’ of 1992. The government has adopted the IMF-approved line of declaring that the millers will import their own maize requirements on a strictly commercial basis, but there is no evidence that they are actually prepared to do this – especially in the light of the fact that South Africa does not have a large surplus and in the light of recent government pressure to reduce the price of maize meal.

Meanwhile, offers by the US to provide finance for the importation of US-sourced yellow maize have fallen foul of fears about the safety of GM foods. The President has announced that US maize will not be acceptable until government has managed to ‘consult and examine the safety of the GM foods. If it is not fit then we would rather starve than get GMOs’ (The Post, 30 July 2002). The real problem with GM maize is the certainty that some of it will be planted by recipient villagers and Zambia will thus lose its GM-free status (which may in turn affect exports to the EU, for example). However, the putative toxicity of imported maize, especially if it is yellow, is a traditional focus of political hysteria in Zambia. The President is aware of this and is presumably seeking to defuse the issue. However, time is running out ...

Some post-harvest surveys in the south of the country are reporting a remarkable difference between maize crops grown under conservation farming methods and those grown under conventional tillage. The former have given good yields even when the conventional crops next door have failed completely. This is attributable to the timeliness of planting made possible under conservation farming and to the better retention of storm water on fields that are not ploughed.

3.2.2 Chronic sickness

HIV/AIDS has the potential to seriously affect household productivity and well-being through loss of the most productive members and spending time and money on caring for patients. This can have a grave impact on the poverty status of any household. Zambia is reported to have one of the highest incidences of HIV/AIDS in the world. Although not a statistically representative sample, in the areas visited 26% of those interviewed reported caring for long-term sick people. The following question (Table 5) was asked with the idea of determining the impact of HIV/AIDS, although not all those in this category were necessarily victims of the epidemic, as asthma and other conditions were also responsible for long-term debility. However, it gives some impression of the pressure on household resources and seems to reflect the generally accepted national rate of infection of over 20% of the adult population.

Table 5. Are there long-term sick people in the household?

| | No. | % |
|-----|-----|------|
| No | 71 | 74.0 |
| Yes | 25 | 26.0 |

3.3 Access to types of capital and income proxies

In the classic SL model, the relative access to natural, social, human, physical and financial capital largely determines the vulnerability of an individual or household to external forces. The conversion of surpluses into financial capital and its expenditure on a typical range of priority goods provides a useful tool for analysing both increases in absolute wealth and wealth stratification. In the light of this, interviewees were asked about income proxies, that is, their priorities for spending if their income were to increase.

3.3.1 Land tenure

Access to land for cultivation is not generally considered to be a constraint for the communities in the programme areas and over most of Zambia. Most villages have surplus land which can be allocated to individuals through the village headman, according to customary land tenure rules. All those interviewed cultivated at least 2 hectares, with a mean of 2.2 hectares (indicating very low levels of wealth stratification). Land tenure is influenced by gender in that women in married, polygamous and female-headed households are affected in different ways, reflecting their standing in the household and the community. Although there are allegations in some quarters of discrimination against women, particularly in female-headed households, no specific problems were raised during the meetings and interviews.

Land near to *dambos* (low-lying and seasonally wet areas near streams) for *dimba* garden cultivation was reported to be limited in some areas in Eastern Province, and not all households had all-year-round *dimba* gardens. Land which can be irrigated by gravity from water furrows (for example, in Northern Province) is presently sufficient but will become limiting if more farmers wish to irrigate. Free range grazing in the dry season in some areas (for example, Eastern Province) necessitates fencing of *dimba* gardens and can reduce the possibilities for improvements to the upland fields through management of the crop residue. In Petauke District it was reported that the local chiefs had been approached to encourage herding of livestock in the dry season.

Security of tenure through customary systems is generally felt to be adequate for smallholders – allocation of land is essentially through usufruct, with the headman as arbiter and the chief as ‘court of appeal’. There are disincentives, based upon lack of security, to investment in land held on mere customary tenure. The latest lands act (Lands Act No. 29 of 1995), passed under donor pressure, was intended to facilitate the conversion of smallholdings to 99-year lease title for villagers. However, the costs of surveying and registration, and the requirement to pay land rent, have discouraged farmers from taking advantage of the Act. Virtually no traditional smallholdings have been converted into titled State land by sitting customary occupants since 1995 (although some large tracts of traditional land have). Furthermore, from a credit point of view, title deeds are generally not useful to smallholders as collateral since commercial lenders do not want such small farms nor the battles with the community that may follow upon their seizure. Following the passage of the Lands Act there appears to have been an increased risk of alienation of customary land to outsiders, perhaps facilitated by its more rapid and easily manipulated procedures. There is particular agitation about the alienation of land to ‘investors’ in Southern, Copperbelt and Lusaka Provinces, and there have been notorious cases of family members acquiring title for customary land for themselves as individuals, and then evicting their siblings. Chiefs and others are generally unhappy with the status quo and demands for a review of land legislation are becoming increasingly frequent, although controversy surrounding land acquisition was not encountered during the fieldwork.

3.3.2 Social capital

Resettlement and social fragmentation appear to be long-term elements in these areas of Zambia (see, for example, Zgambo 1992). The authority of chiefs has been severely eroded and recent remigration of urban or Copperbelt workers back to the villages has exacerbated the lack of social cohesion typical of much of rural Zambia. The interviews explored the prevalence of community-based organisations (CBOs) in the villages, many of which were recently created, and found that nearly half the villagers were not members of any CBO (Table 6). This is strongly contrastive with Ethiopia where almost all respondents are members of strong and deeply-rooted CBOs.

Table 6. Are you a member of a CBO?

| | No. | % |
|-----|-----|------|
| No | 37 | 38.5 |
| Yes | 59 | 61.5 |

In addition, apart from the EEOA, there are surprisingly few linkages with other NGO-like bodies. In fact the great majority of interviewees has no contact with any NGO (Table 7):

| | No. | % |
|-----|-----|------|
| No | 78 | 81.3 |
| Yes | 18 | 18.8 |

Typically, the NGOs familiar to people were HIV/AIDS-awareness organisations, family-planning bodies and credit/extension NGOs such as LWF, Africare and CLUSA.

3.3.3 Income proxies

In a relatively homogeneous rural society, income proxies are usually very similar from one household to another. Interestingly, those cited during the survey tended to be concrete and individual, typically, tin roofs and bicycles. Although education and health are considered important in other contexts, they are considered the responsibility of the State and not something to be influenced by individual spending – a view in sharp contrast to urban environments.

3.3.4 Credit

Credit in rural Zambia is most commonly available for crop production inputs – typically for maize, cotton and tobacco. This is provided by the government through the FRA for maize, various NGOs such as CLUSA and Africare, and microfinance institutions such as MBT (with EEOA support). Inputs are usually provided in kind to groups or through out-grower manager groups. Repayment is by an agreed proportion of the crop. Short-term credit is also desired for operational capital to start up or expand small businesses such as groceries. Microfinance institutions such as MBT also provide longer-term credit in rural areas for capital items such as oil presses.

EEOA included credit as one of the three main components of its first phase through a Credit Guarantee Fund to be operated through the Zambia National Commercial Bank. There were many problems and only a handful of loans were disbursed. Collaboration with the Micro Bankers Trust (MBT) began in 1999. MBT is a trust funded from government loans and a European Development Fund grant. After initial problems with on-lending through a subsidiary, MBT agreed to set up offices in Mpika and Chipata for direct lending. EEOA provided loan capital

(loan fund) and operational start-up support funds. The system is now in operation and appears to be working well, with repayment rates around 90%. Although MBT extended its services to the outlying areas in collaboration with EEOA, it is expected to continue providing these services on its own.

Although most rural households feel that they need money in order to improve their situation through some kind of ‘business’, savings are minimal and credit is typically seen as the solution. Since recovery of loans has historically been extremely lax in Zambia²³, credit is often stereotyped not as a business strategy but as a government handout. Requesting credit is thus a rational strategy even in the absence of a thought-out business plan. Nonetheless, credit is uncommon and the perception is that it is getting more difficult to access. Only 43% of households interviewed during the survey had received credit (Table 8), and a minority felt that it was easier to obtain credit now than previously (Table 9).

Table 8. Have you ever had credit?

| | No. | % |
|-----|-----|------|
| No | 55 | 57.3 |
| Yes | 41 | 42.7 |

Most householders do not perceive advances in kind, such as fertiliser distributed at the beginning of the cultivation cycle, as credit, which they identify with a cash advance. This is probably an accurate characterisation in the light of loan recovery policies.

Table 9. Access to credit

| Access | No. | % |
|----------------|-----|------|
| More difficult | 38 | 39.6 |
| No answer | 30 | 31.3 |
| Same | 1 | 1.0 |
| Easier | 27 | 28.1 |

There is also a tendency for group formation to be credit driven. This type of credit dependence was often noted in interviews and meetings. A significant number of interest groups registered after EEOA facilitation received credit and this was thought to be one of the key motivating factors in group formation. Such credit can only be accessed through membership of a registered group which is problematic for the poorest households. Although credit has been central to the impact achieved in

²³ For example, the recovery rate for fertiliser loans made by the FRA was 6% in 2000.

many programmes in rural areas (for example, CLUSA, Africare), the establishment of sustainable credit delivery institutions has been a problem for Zambia in the past.

3.4 Resource flows

3.4.1 Goods and services

The most visible impact of increased access to resources is the flow of goods and services in and out of the rural areas. In sharp contrast to Ethiopia, for example, almost all the Zambian interviewees felt that they were seeing this type of increased flow. Typically, products going out were the newer cash crops, such as sunflower seed, paprika, new groundnut cultivars etc. Although there has been some spread of mechanical and powered oil presses, these remain on very small scale. Moreover, the potential for cheap imports has meant that artisanal producers trying to sell to mills in Lusaka are competing with products from nearby countries with cheaper labour. Labour migration, always on a small scale since the decline of the Copperbelt, seems to have decreased still further. This may reflect slight increases in enterprise in the local area. Typically, few new products are reaching the districts but it does seem that there has been an acceleration of 'old' products, such as grocery goods. The towns, however, have seen a more dramatic shift in the commercial landscape with arrival of South African supermarkets in the last few years. In many cases these have out-competed Asian shopkeepers and made a wide variety of new products available to regional consumers, as well as creating new markets for fresh vegetables and fruit.

3.4.2 Access/road construction

Access is generally acknowledged as being crucial for marketing agricultural and other produce, as well as for social contact, flow of information and ideas and social development. It was noted that although in outlying areas (districts), the facilitation areas within each district tended to be closer to the main roads. In the districts selected up to 2001, these are tar roads of national and international importance. This is probably not surprising given that the criteria for selection of FAs include potential for development and responsiveness of the local population.

The REEF component of EEOA supports, amongst other things, the rehabilitation of roads and stream crossings. Access roads had been worked on in three of the four FAs in Northern Province. In each case, improved access had increased opportunities for agricultural business. Three other FAs visited had a main tar road or good all-weather gravel road passing

through. The road to the most remote FA visited – Chimtende in Eastern Province – was passable but not good. Surprisingly, this road had not been upgraded since the village had opted for construction of a market shelter, which has undoubtedly hampered the development of marketing in the area. Villagers provide around 20% of the cost of the infrastructure, usually in kind. Contractors are usually obliged to employ labour locally (including an agreed proportion of women) to inject capital into the village.

3.5 Voice/articulatory

It is now generally recognised that voice and articulatory are a decisive factor in poverty levels; inability to make one's views known may be part of the nexus that ensures poverty persists in a given subgroup. The survey therefore paid particular attention to freedom of expression versus impact as well as constraints that can arise from language differences.

3.5.1 How familiar is EEOA to beneficiaries?

All the interviews were conducted in villages within the EEOA facilitation areas, except for four interviews in a multiplier village just outside one FA in Eastern Province. About half of those interviewed had heard about EEOA. In contrast, no people interviewed in the village just outside but along the main access road to one FA in Eastern Province had heard about EEOA. It would obviously require more work in extra-FA areas to establish the significance of this, but it does suggest that claims about multiplier effects and the diffusion of new ideas to other sites is slower than might be predicted from the literature.

3.5.2 Speaking up

Freedom of expression

Although women tended to sit together and to the side in most meetings, people generally felt free to express their opinions on all subjects. The greater problem, however, appears to be that few public meetings are actually held to discuss development or other village issues. Village headmen are responsible for calling meetings and solving problems but this seems rather ineffectual in practice. It could be said that people feel free to say what they want, but few are listening. This is reflected in the national press: newspapers are diverse and uncensored, but their impact on governance is very limited – a situation in contrast to the other country programmes studied, where expression is felt to be constrained informally if not formally, notably in Ethiopia.

Villages should have Area Development Committees to formulate village plans but this has yet to begin. EEOA works almost entirely with interest groups formed for various purposes. There is some contact with traditional chiefs and sub-chiefs after initial contact on entering a new area, probably reflecting their role in the community.

Language issues

A total of nine different home languages were recorded from the interviews (Table 10). The scatter of languages indicates the importance of settlement schemes and the movement of households to settle away from their home area. Chewa and Nyanja are mutually intelligible and they dominate in Eastern Province. In the north it is assumed that Bemba is the common language as far as extension material goes, although the high number of Namwanga speakers argues that this language should be given more attention. It was reported that these languages could be spoken by all in their respective areas since they are the languages used in schools. A significant number of the more educated interviewees at village level were also able to speak English. Interviewees who had settled from outside the Northern or Eastern Provinces could all speak the local language. Linguistic issues are not considered in any documents consulted.

Table 10. Main language of household

| Home language? | No. |
|----------------|-----|
| Bemba | 31 |
| Namwanga | 30 |
| Chewa | 18 |
| Nyanja | 5 |
| Tonga | 4 |
| Ngoni | 4 |
| Tumbuka | 2 |
| Lala | 1 |
| Lamba | 1 |

3.6 Attitudes to risk

Many elements of SL analysis can also be thought of as transforming attitudes to risk. Economic diversification is about taking risks by moving into new activities that are unfamiliar and may require time and resources to master. Crop and livestock diversification represents lower risk but also increases pressure on labour and land resources. Speaking up and manifesting articulacy in a climate that has previously been hostile or

indifferent undoubtedly represents a risk. Extremely poor populations are typically unwilling to take such risks and signs of a changed attitude therefore reflect improved conditions.

If the three case studies are compared, Cambodia is notable for the extremely rapid pace at which local populations take advantage of reduced risk. As food and personal security have improved and the risks to returns on financial outlay have reduced, investment in new products and processes has been exceptionally swift. By contrast, in Ethiopia risk was seen to increase during the project period and as a consequence made beneficiaries more conservative. The situation in Zambia is midway between these extremes, with some new businesses operational, but a strong persistence of handout dependence and a limited ability to think past the maize–fertiliser nexus. If this analysis is correct, continuing food insecurity will constrain risk taking and thus slow down economic growth out of proportion to the natural resources available to producers.

Chapter 4

Project Design and Sida's Larger Goals

In promoting area development, Sida has in mind a broadly two-part strategy. In addition to sustainable development and poverty reduction in the area itself, programmes should develop concrete examples of best practice to feed into the national policy process. With poverty reduction as the overall goal, learning, integration, sustainability and capacity building need to be addressed within programmes. Sustainability is probably the most difficult to assess, especially in districts where the programme has been active only for a short period. Assessment also has the benefits of hindsight and improved understanding of issues from advances in development thinking. This is particularly the case with poverty reduction, as the understanding of the multidimensionality and other aspects of poverty have improved considerably amongst development specialists since EEOA was designed.

4.1 Poverty reduction

4.1.1 Impact of EEOA on poverty reduction

The *Rights of the Poor*, a Swedish Government report (1997), describes three dimensions of poverty: capabilities, security and opportunity. These are defined as follows:

- *Capabilities* are mostly understood as (a) economic capacity: income, assets, savings etc (b) human and social capacity: health, knowledge and skills.
- *Security* against unforeseen events such as sickness, accidents, injustice, economic and political crises etc. Remedies can be achieved, for instance, through social networks and security systems, enactment of legislation etc.
- *Opportunities* for taking control over one's life refer to possibilities and options for participation in decision making, in economic activities etc.

The segmentation of beneficiaries and the relative emphasis on individual groups is left uncategorised. However, recent theory has underlined the importance of this type of analysis if poverty reduction is to be achieved. Poverty reduction was never one of the stated goals of EEOA, and this stance has been re-iterated in a number of documents and briefings by its staff. The focus is on economic growth through working with self-selecting, articulate, literate households in accessible areas. The assumption must be, in terms of Sida's priorities, that such growth acts as an engine of area development and that this in turn will benefit the poor. Poverty reduction is therefore an implied goal. Although the programme document for the first phase includes improving the 'economic environment of smallholders' with 'rural village households' as part of the target group, the programme should acknowledge poverty reduction as an explicit goal and take steps to understand the empirical link with economic growth.

4.1.2 PRSPs and the EEOA programme

The current drafts of the *Poverty Reduction Strategy Paper for Zambia* being produced under the auspices of the Ministry of Finance, emphasise economic growth as the key to poverty reduction. The mechanisms through which economic growth will reduce poverty are not elaborated, and neither are possible countervailing effects. Welfare, in the classical sense of benefits for the disadvantaged, is scarcely mentioned.

The focus of our PRSP is for the Zambian economy to grow over a sustained period of time at between five and eight percent per annum. A growing economy that creates jobs and tax revenues for the State is a sustainable powerful tool for reducing poverty. This growth should as much as possible be broad based, thereby promoting income generation, linkages and equity. It will also reduce the dangerously high dependence on aid. Poverty could rise sharply if aid is withheld.

(Ministry of Finance 2001)

The development of a PRSP is an IMF conditionality for Zambia's accession to full HIPC status and reflects Fund thinking, even though the writers are Zambian experts. A new draft was expected in March 2002 but it is unlikely that there will be any change of focus.

The PRSP draft identifies 25 specific interventions divided into categories. Some are well outside the EEOA scope (for example, 'high level energy provision... rural electrification'). However, a number of interventions compatible with EEOA are identified, including:

- Physical infrastructure rehabilitation and construction
- Promotion of agribusiness through training, reorientation of extension services, business training

- Promotion of small-scale irrigation and crop marketing and storage skills amongst small farmers
- Promotion of crop diversification and conservation farming.

The PRSP team's vision of rural Zambia is private-sector oriented and commercialised. There is only one mention of the vulnerable and it is imprecise: 'Establishment of support system for vulnerable households.'

Part of the difficulty with evaluating the PRSP, especially in draft, and evaluating approaches against it is that it pays due deference to the role of every sector in poverty alleviation and reads almost as a checklist of sectors and sub-sectors, as well as a wish-list of possible interventions. At this stage it seems fair to say that there is no overall workable poverty reduction policy in Zambia – let alone one backed with political will. In this respect, ADPs can develop practical experience of best practice on the ground. Political will is still required to incorporate this into a wider poverty reduction policy.

As with many countries, considerable effort has gone into the identification of the poor in Zambia. The Ministry of Community Development and Social Services has conducted substantial numbers of Participatory Poverty Assessments (PPAs) in all regions of the country. Poverty proxies are hard to identify consistently, because of varying climatic and access conditions (Harlan personal correspondence).

4.2 Learning and integration of lessons learnt

Learning and taking action from the lessons learnt is important for all programmes and projects. This is particularly the case with EEOA which has put considerable effort into developing sound approaches so as to achieve a critical mass of agriculture-related entrepreneurs who can drive sustainable economic expansion. Learning is important within the programme, between EEOA and other programmes, and to feed into national level processes such as the PRSP. Given that the original premise and justification for EEOA was the need for smallholders to adjust to and take advantage of the liberalised economy and agricultural sector, particularly in less favoured outlying areas, something like the activities facilitated by EEOA are needed in all outlying areas. Knowledge is like manure: not good unless spread.

4.2.1 Learning within the EEOA programme

The main mechanisms for learning within the programme revolve around the M&E system. This starts with the *annual work plans* which are developed in each district and compiled at headquarters. These are bro-

ken down into six-weekly and quarterly plans against which *progress reports* are compiled from the routine daily monitoring of activities using various forms for each type of activity. The achievements for each activity/indicator based on the logframe are extracted for each district and compiled for the programme on a spreadsheet. In addition to the standard planning and progress reports, the following studies are carried out:

- *Baseline studies* are now carried out at district level on entry into a new district, and at community level as the first contact with each facilitation area. Various participatory rural appraisal techniques and a standard reporting format are used. When starting to work with households some weeks after entry to a FA, a more detailed household profile baseline survey is carried out for the 30-plus households which make action plans. Baseline data is updated for the purpose of impact assessment on phasing out from FAs and districts.
- *Case studies* review the impact of specific interventions with a selection of households (two per FA per quarter). These studies are carried out by the national M&E co-ordinator, together with district EEOA staff. Short reports are produced.
- *Simple tracer studies* follow progress made by a small selection of the households (two per FA) having action plans which have received training or undertake a specific initiative of interest. A short report is produced for each household and compiled into a district review. This is done by district EEOA staff.
- *More complex tracer studies* carried out by external consultants follow the progress made by a larger number of households, two or three years after phasing out from a FA.
- *Impact assessment studies* carried out by external consultants assess the impact of EEOA support at phase-out of each FA. A detailed report is produced for each study/FA with both qualitative and some quantitative information, including changes in attitudes, practices, production, incomes etc, impact of REEF projects, assessment of linkages, the multiplier effect, and so on.

An attempt had been made to set up a computerised database with household information from the household profile and action plan information. However, the cost-benefit analysis exercise triggered a re-think of the data and reporting requirements, and the data collection forms have been revised. It is intended to adjust the computerised database accordingly and maintain all the detailed household records electronically.

The various reports are circulated internally and to MAFF, provincial and district officials, as well as some NGOs and private-sector organisations. A whole series of meetings are held to review, plan and adjust the

programme and activities. These include various district and HQ management meetings, the DAC-SEE meetings, quarterly reviews (district and HQ staff), the National Programme Committee meetings and Sida/MAFF meetings. In addition, Sida commissions six-monthly supervision missions and a more detailed evaluation was carried out in 2001.

The M&E system produces and distributes information on a timely basis on most aspects of the programme. The quality of the data appears to be generally good. The lack of appropriate baseline data has been criticised in the past and this is now collected when entering a new area. It will not however be known if this is adequate until detailed evaluations against the baseline are carried out, which is always difficult. The present system is well within the capabilities of staff; it has been set up and is run almost entirely by employed project staff and sustainability is therefore not an issue. The M&E system as such is owned and driven by the programme and will stop when the programme stops. Local stakeholders (notably the DAC-SEE and farmers groups) participate strongly in the planning of activities and targets which feed into the M&E system, and in discussing and instituting any necessary changes to the programme. The National Programme Committee, MAFF and Sida participate in the supervision/guidance missions, SWOT analysis etc. The system is relatively time consuming and expensive and must therefore be justified through its usefulness. The quality of the analysis of the data and its interpretation depend as much on the people involved as the systems.

There is no formal and foolproof system for thorough scrutiny, synthesis and analysis of all data to develop the most appropriate corrective actions. This depends on the capacity and diligence of the management and M&E staff, and formal and informal interactions between staff and collaborating farmers and entrepreneurs. With the programme ethos of action–reflection–action, ideas may be brought to the fora mentioned above. The most creative fora in this respect appear to be the quarterly combined district/HQ review meetings. While it is not always possible to attribute particular leaps in understanding to specific parts of the M&E system, there has undoubtedly been considerable learning within the project. Important changes were made to the programme at logframe level for the second phase, including greater emphasis on marketing and the specific mention of agriculture. The first phase was regarded as a pilot to develop the facilitation process, amongst other things. Even more substantial course corrections have been made during the second phase including a restructuring of the programme components from three to six as mentioned earlier, a complete change in the credit institution and delivery system, closer collaboration and capacity building with MAFF, and even greater emphasis on marketing. Comments from household studies led to the focus on marketing, while the analysis of individual

REEF projects enabled the programme to identify and concentrate on the more successful types of projects. Learning within the programme has been effective and the programme has been able to respond.

4.2.2 Learning between EEOA and other programmes

Learning between EEOA and other programmes is generally informal. Reports are circulated and there has been some co-ordination on the ground, particularly in trying to work in different geographical areas (for example, Africare and CLUSA in Eastern Province). In some cases, programmes with similar activities to EEOA have been interested to move into certain facilitation areas (for example, Chimtende) when EEOA phases out, in order to build on the work already done by EEOA. There has been great interest in the facilitation process which EEOA has developed and this has been an influence in shifting the MAFF from the previous top-down approach (based on the Train and Visit system) to a more participatory, bottom-up approach known in the Ministry as the Participatory Extension Approach. On a more general level, staff from the different programmes all seem to know about each other and exchange information and ideas on an informal basis. The EEOA experience has also been of interest to Sida programmes in Zimbabwe, Tanzania and Mozambique, resulting in information exchange and study visits.

A possible area for further collaboration is worth reviewing in some detail. It appears that the EEOA approach has worked better in Northern Province than Eastern Province. This is perhaps surprising considering that Eastern Province has historically been a strong agricultural province while Northern Province provided labour for the mines. But the very heavy reliance on maize in Eastern Province agriculture made it more vulnerable to the collapse of credit and marketing institutions after liberalisation and subsequent continued government interference. In Northern Province there is less dependence on maize, and so less damage. Another aspect is the difference in the structure of the markets in the two provinces. In Northern Province, the market is less complex and has smaller players, and it was easier to identify sound business ideas which could be successfully developed. In Eastern Province, it appears that the markets are more sophisticated and controlled to a large extent for some commodities by a strong Asian business community in Chipata. Margins are kept low and there is less room for farmers and the smaller entrepreneurs to manoeuvre. Although EEOA programme staff say that there has been good progress in Eastern Province, there is clearly a need to go further and operate at a higher level with a more in-depth understanding of the complexities of the market. CLUSA concentrate on a small number of well-researched 'best-bet' commodities (groundnuts and paprika) and have actively developed the market for these from the inside

and in competition with the Asian businesspeople, thereby raising farmgate prices. This contrasts with EEOA's pure facilitation approach which could be complemented with a more proactive approach. There are signs that EEOA is moving towards such a role (for example, with the lime initiative being discussed) and much could be done through more active and direct collaboration on these issues with the other NGOs involved.

The other linkage crucial to the engine of economic growth is working with traders to disseminate market information in a timely and effective way. This should function both to help producers assess the likely profitability of a crop and buyers to identify market niches. But such dissemination has been weak in practice. EEOA outlined the workings of a Market Information System in 1999 which was to collate and circulate such data. However, there is no evidence that this is functioning, whereas Africare and CLUSA both prepare such bulletins and make them freely available in Chipata. Yet buyers trained by EEOA in Chadiza had had no access to these bulletins.

4.2.3 Integration into national-level processes

The value of the M&E system and the whole area development programme is hugely improved if the lessons learnt are fed into wider national policy and practice. The Agricultural Commercialisation Programme (ACP) is a major part of the draft agricultural policy and 'has been designed as the main vehicle for implementing the agriculture component of the PRSP' (Ministry of Agriculture, Food and Fisheries 2001b). The main thrust is economic growth through strengthening liberalisation to facilitate private-sector-led agricultural development which should ensure improved food security and increased income. The similarities with the EEOA programme reflect the thinking in Zambia, and the experiences from EEOA have undoubtedly been taken on board at least in the ACP where senior EEOA staff participated in the Marketing and Agribusiness and Sector Development Co-ordination working groups. How the policy and programmes will be translated into ground reality and how collaboration and cross learning will continue remains to be seen. Earlier remarks about the intentions of the new government towards liberalisation suggest that learning from EEOA at the national level will be constrained by the political agenda. The greater integration between EEOA and MAFF at district level will help to build understanding and experience within the Ministry which would be expected to influence thinking as politics allow, and provide the foundation for future change when needed.

Sida would normally expect to learn from the programmes it supports and the learning element with EEOA is proving particularly useful. The

Photo: Trygve
Bølstad/Phoenix
Bazaar Bildbyrå



fact that EEOA was selected for this forward-looking area development study and the private-sector supplementary study (which will feed into a broader forward-looking study on the private sector in rural development) is a clear indication of this. The EEOA approach will feature strongly in the unified agriculture sector programme to be supported by Sida from 2003.

4.3 Sustainability

In a country such as Zambia, sustainability of *institutions* depends on the political will of government. No amount of capacity building, facilitation or training will make any long-term impact if government is not committed, as many projects have learnt to their cost. But government has historically proven highly fickle, changing policy on a whim, saying one thing and doing another. Moreover, support to rural institutions has always been inconsistent because of the urban constituency whose obsessive interest in ephemeral micro-politics has been underpinned by Copperbelt revenues. It is this perception that drove the design of EEOA as a separate structure focusing on households and individuals innovating in the private sector.

It is this same structure that makes the sustainability of EEOA's *activities* hard to assess. Institutions built by programmes are easier to evaluate because they have structural design features that are, or are not, likely to persist into the future. Interviews with staff can assess their understanding and motivation. But training individuals in business techniques is rather like dropping a pebble in a pond: quantifiable results may take a decade to come through, as the ripples take time to reach the shore. EEOA de-

pendes for its credibility on ‘sustainability’, and because of the stated idea of developing a ‘critical mass necessary for sustainable economic expansion’ (EEOA 2002), it also depends on the spread of economic growth at least into and for some distance outside the facilitation areas. Important questions, incorporating the related issues of ownership and integration of functions into existing structures, are thus:

- What components should be sustained?
- What level of spread is it reasonable to expect?

The EEOA programme can be thought of as having essentially four main linked components which produce corresponding outputs.

1. *Facilitation and training of farmers and entrepreneurs* is at the heart of EEOA and is largely responsible for producing an enhanced capacity to generate and implement business ideas in the community, and, together with the other components, a core or ‘critical mass’ of farmers and entrepreneurs with viable business running and linked to other relevant players in the market.
2. *Infrastructure support* (through REEF) which should establish supporting, locally-owned and maintained infrastructure – mainly roads, irrigation canals, local markets, dip tanks etc.
3. *Financial services and, more specifically, a source of credit through the MBT.* This is almost entirely through groups so the establishment of groups through facilitation is an important part of this.
4. *Training of core MAFF and some other government staff* to enhance capacity to support farmers. This is a relatively new component which, while still small, has been growing in importance over the last two years to support the introduction and spread of the EEOA-like approaches. Use of MAFF staff was strictly limited during the first years of EEOA.

As explained earlier, the EEOA programme runs for a limited time period, moving into a district for six years and operating in each facilitation area for three years, with the aim of setting things in motion before phasing out. As such, it has a parallel or ‘bypass’ structure which is not part of, but works alongside its collaborators such as MAFF and MBT. While in operation, the EEOA ‘machine’ straddles the public–private divide, with MAFF and other local government institutions constituting the public side of the equation. The private side includes the various entrepreneurs and groups which have been mobilised, the credit institution (MBT) and the improved infrastructure. Very crudely, EEOA can be considered as a cranking machine applied across the public–private systems in an area to wind them up and get things moving. When the machine is removed, things should keep moving and actually accelerate.

Therefore, when EEOA phases out from an area, what should be left behind and which sustains itself are the main outputs mentioned above, namely:

1. The core of individual farmers, groups and entrepreneurs with businesses running and with links and capacity to facilitate further development, and a core of further understanding and capacity in the community to facilitate spread
2. Various infrastructure – especially access roads in place and being maintained
3. The MBT running and providing financial services, including credit
4. Improved capacity in MAFF, DAC-SEE etc to provide market-oriented extension support to farmers and enhance the spread of the EEOA effect.

In principle then, when the EEOA edifice is removed, it is not intended to be taken over as a whole and sustained. During the course of the programme's intervention and at phase-out, many of the different functions which it had produced are taken over and then 'owned' by the various public and private-sector players. As such, EEOA is therefore not owned by any single organisation, public or private, and its nature generally changes as the programme develops in a district.

There is a tendency to say that the government, in this case MAFF, should own the programme. While this may have some validity at national level, it could be misleading at district level. While the (MAFF) District Agricultural Co-ordinator may incorporate some of the business-orientation and free-market ideas and approaches supported by EEOA into normal extension work – which should help to consolidate and spread the ideas introduced – there is insufficient capacity to continue with much of the overall EEOA programme. A greater role than this would also be questionable since the public sector is generally not good at leading private-sector development and needs to concentrate on providing a regulatory framework and an enabling environment.

However, the four outputs listed above should be self-sustaining. Many of the individual and group businesses established, and the groups themselves, should be able to sustain themselves and even grow, as long as supporting services (for example, credit, access etc) remain and the economic climate stays stable. Time will show whether they can withstand the unpredictable economic environment. The infrastructure is in place but maintenance, as ever, is not effective, and although ownership is supposed to be guaranteed by community contributions, without corresponding political will from government the potholes will continue to get larger.

EEOA expects that MBT will be able to continue running in the districts where it has established operations, but this is a problematic assumption. EEOA provided loan funds to MBT as start-up grant capital to get the institution running on a sustainable basis. MBT's move into these areas was EEOA funded and EEOA is in practice strongly involved in both facilitating loans and supervising repayment. Microfinance institutions in rural areas are notoriously fragile and without the backbone provided by EEOA, collapse must be considered a possibility. The Zambian Government has a poor record of enforcing loan repayment in other rural areas, and other agencies have died for comparable reasons. Morale within MAFF is low and although the training and improved capacity will be made use of in some areas, it would be unwise to expect too much.

Spread is a much more difficult issue. Although there has been insufficient time to see if the critical mass ideas really work, it would be reasonable to expect that there would be some spread within a facilitation area. However, unless the enabling environment is improved throughout the districts, it is hard to see how the effect would spread naturally very far beyond the surrounding areas, even to cover the rest of the EEOA-supported districts. The enabling environment would include access, a supportive environment for the private sector, lack of government interference in input supply, pricing and marketing of maize or other crops, and availability of credit, marketing information and reasonable extension advice. As the introductory material points out, this is far from the case at present. EEOA-supported FAs were selected *because* of their greater potential and responsiveness, and it seems unlikely that the improved practices will spread to less responsive districts. Unless the government consistently supports liberalisation and withdraws from market interference, confidence will not be generated, the private sector will not provide the services to rural areas and the spread of EEOA-like developments will be extremely limited.

In principle, the ideas are valid for the rest of the country and this issue needs to be addressed in order to add value to the EEOA programme. This is not a task for EEOA, but EEOA has a voice through its own staff and collaborating farmers, NGOs etc, and through the National Programme Committee in many fora.

4.4 Capacity building

Programmes or projects may provide inputs and services directly to beneficiaries (service delivery) or provide inputs and services to some kind of organisation or institution to build its capacity (capacity building) to provide services to the ultimate beneficiaries. The aim of EEOA is to give a core of interested farmers and entrepreneurs the

understanding, knowledge, skills and contacts, and therefore the *capacity*, to set up and run their own farm business or related enterprises. This is intended to act as a catalyst and lead the economic growth in an area in a variety of ways, including the development of markets and the linkages/networks necessary for the markets to operate. It is this capacity-building purpose and limited time period for provision of inputs (after which capacity should have been achieved) which are important here. From the point of view of EEOA, capacity building is the heart of the programme. This is reviewed in terms of the four key components or inputs outlined above.

1. EEOA provides *facilitation and training of farmers and entrepreneurs* at every level to build farmers' understanding, skills and capacity to enable them to develop and run a variety of businesses. This should form a 'critical mass' of farming and related businesses necessary to lead economic expansion. Training courses in all types of business activity, leadership and maintenance are offered, as well as intensive household interviews and household planning. In addition, links are encouraged and facilitated between farmers and traders, and amongst farmers in the different farmer groups. Tracer studies are then used to establish the extent to which those trained make use of the courses. EEOA trains trainers, some of whom are attempting to become private, self-financing trainers – an optimistic gamble in the present economic climate. Because EEOA works at the household level or with interest groups, this is not building capacity in the institutional sense, but this type of individualist working was built into the original design. In a sense, the core or critical mass of businesses which become established is the 'institution' which should lead economic expansion. However, an alternative interpretation could be that this is still a type of service delivery, where the programme provides externally-funded training etc to farmers and entrepreneurs to help them establish their businesses.
2. The *infrastructure support* through REEF however is clearly a service delivery component. EEOA contributes around 80% of the costs for various related infrastructure projects requested by the communities in facilitation areas and approved by the DAC-SEE. Projects include roads, bridges, irrigation canals, markets, dip tanks etc. This is regarded as a one-off investment to support communities in building viable business and trade. Training of the communities which should 'own' the infrastructure would however be regarded as a capacity-building element in that it aims to give the owning community the capacity to maintain, operate and, if appropriate, replace the item.
3. The establishment in the programme areas of *MBT as a provider of financial services and credit* is, from the point of view of EEOA, a capacity-

building component. EEOA provided loan funds to MBT as start-up grant capital to get the institution running on a sustainable basis. MBT now operates largely from repaid loans and interest. From the point of view of farmers and entrepreneurs, the provision of financial services and credit is of course a service.

4. Capacity building within government and particularly MAFF has been given increasing attention over the last two years in order for staff to be able to support the initiation and spread of EEOA-like ideas. Very few government staff were involved in the first years of EEOA. *Training of core MAFF staff* involves around 11 staff in each district. In most districts, MAFF has continued with minimal support from EEOA to train the rest of their district staff.

Capacity building requires changes in attitude away from the often-mentioned dependency syndrome towards a more self-reliant culture, as well as transfer of knowledge and skills. A feature of many of the field visit meetings arranged by EEOA staff was the testimony offered by those it has worked with. Whether expressed in song (for example in women's co-operatives) or speech, no critical note enters the praise offered by its acolytes. As one interviewee said, 'We thank the EEOA for opening our eyes. We had no hope before they came to us'. This pattern arises from similar practices instilled in officials and others in the Kaunda era, when a one-party State tolerated little dissent. These undiluted paeans are partly sabotaged by the content of other speeches: for example, one woman explained at great length how she had been taught self-reliance through an EEOA course and then proceeded to list her requests for material assistance in some detail. Given the emphasis placed on training by EEOA, the lack of realism this illustrates is a less than ideal prerequisite for effective business operation. This practice should be discouraged by EEOA because it only creates a fog of uncertainty as to its real achievements and makes the task of monitoring and evaluation all the more difficult.

4.4.1 Gender issues

In the area of gender, EEOA has followed standard Sida guidelines. EEOA staff seem to be evenly divided while among those trained by the programme, typically more than 50% are women. Many women's interest groups have been formed and EEOA has facilitated credit for these groups. It was reported that women's groups have a higher loan repayment rate compared to others.

The household approach promoted in facilitation and training was mentioned several times as having greatly improved the gender situation within households with regard to planning, budgeting, work etc. Wives and the elder children are encouraged to plan together and make best

uses of the household resources. Issues of early marriage and schooling for girls were also raised. It is not known how the ideas from this intensive approach have spread to other households. Meetings evidently incorporate articulate women who have benefited from the programme.

The number of women headmen and chiefs is still very low; they are only considered for such positions when there are no men in the family. In the political arena, there is a slight increase in the number of women holding decision-making positions. Participation is limited by financial constraints, household responsibilities and the generally negative perception of women who get involved in politics as being of questionable character; married women may thus be discouraged by their husbands.

In rural Zambia, a typical social structural feature is the high proportion of female-headed households (reported to run to 30% in some areas) caused by divorce, death, migration etc. The consequence is that women are compelled to manage the household enterprise and many are found running all types of small rural enterprises. The targeting of such households is a priority of EEOA, which seems wholly appropriate in the circumstances.

Although access to land and security of tenure are key issues which may constrain development in many countries, this is generally not the case in Zambia. While acknowledging that women in married, polygamous and female-headed households will be at some disadvantage compared to men, no specific problems were raised during the meetings and interviews.

In the area of marketing, there are some interesting cultural issues to be considered. Through much of Africa, women predominate both in marketing and small-scale agro-processing; the market women's associations of West Africa are famous in this respect²⁴. In Zambia and neighbouring areas, the absence of strong traditional market institutions has allowed gender assignation in marketing to be more haphazard; there are no strong cultural stereotypes about typical male or female roles. Innovative programmes can often take advantage of this.

4.4.2 Environment

Although the environment is defined as a cross-cutting issue by EEOA, it was never mentioned as an issue by either farmers or facilitators during field visits. The principal environmental thrust has been conservation farming, a technique designed to use less labour on tillage, reduce expenditure on inputs (notably fertiliser), maintain soil productivity and re-

²⁴ One Ghanaian dictum runs, 'Onions are my husband'.

duce soil erosion. Some farmers had been trained in this technique but results seemed to be mixed. In Eastern Province some farmers had not planted on ridges, the fields had flooded and the crops were lost. This indicates some misunderstanding of the techniques. Ridging systems that exacerbate erosion are still widespread, indicating a clear need for further extension.

The broader issues are to do with conservation of environmental values. Population densities in Zambia remain low and trees are still abundant, particularly in the north. Even so, charcoal burning seems to be largely uncontrolled. Indiscriminate cutting of trees along *dambos* and streams that are a major source of water and fish stocks to rural people is not discouraged, resulting in streams drying up and *dambos* being unable to hold shallow ground water. Bush fires are no longer controlled, posing a danger to certain grass species for thatching, grass for dry-season feeding of livestock and tree cover. Safari hunting was forbidden by Presidential decree during the 2001 season for political reasons, but this has served only to increase the already high levels of illegal hunting for both subsistence and commercial purposes. In some of the areas covered by EEOA (for example, the Mpumba area south of Mpika) income from sales of game meat from the Laungwa valley is a significant source of income. Although exploitation of non-timber forest products (NTFPs), especially mushrooms, edible caterpillars, and tubers is widespread, there has been little attempt to regularise and perhaps promote NTFPs as a source of supplementary income.

4.5 Adaptation of EEOA to the Zambian context

4.5.1 Private- and public-sector perspectives

Although the focus of the EEOA programme is on private-sector business and market development related to agriculture, in practice, both private- and public-sector perspectives are combined. One primary aim is to build the capacity of farmers and entrepreneurs so that they take on a business approach, develop diverse agricultural production, processing and marketing enterprises, and link up with other entrepreneurs to expand marketing opportunities. The foundation of the process is facilitation backed up with some infrastructural support and credit through a local microfinance institution. EEOA claims *not* to promote specific enterprises but rather to arm farmers and entrepreneurs with the knowledge and skills to enable them to generate their own business ideas or improve existing operations. EEOA should therefore deliver the public goods of knowledge and skills in a neutral public-sector-like way in order to promote private-sector business enterprises.

In reality, however, this has not been entirely so. Where EEOA has glimpsed potential for major income increases through market opportunities, it *has* promoted specific technologies. Fish farming in Petauke was an early and largely unsuccessful idea. Elsewhere, tomato production has been promoted heavily. At present, EEOA is engaged with ‘facilitating’ the liming of soils in Northern Province; although this appears to be standard technology promotion to outsiders, EEOA officers insist it is a product of their distinctive methodology.

EEOA claims that it takes a private-sector perspective to collect and analyse market information, research potential business ideas and develop links with and between local, district, provincial and national interests. At least at ground level, this aspect of their work remains extremely weak, which is unfortunate because there is strong local support from NGOs such as CLUSA and Africare for collaborative dissemination of market data. Similarly, the links with real business are still tenuous, partly because the control of marketing in Eastern Province is in the hands of an ethnic cartel and to deal with this is politically sensitive.

Although under a National Programme Committee chaired by MAFF and closely linked to the (MAFF) District Agricultural Co-ordinator’s office in districts, EEOA operates outside MAFF and does not function in the same way as a government organisation. Working across the public–private-sector divide, it is closer in many respects to an NGO. Although EEOA was one of the pioneers, a number of programmes such as USAID’s ZATAC, IFAD’s SHEMP, CLUSA, Africare etc have developed similar, but different, approaches to bringing people into and developing the liberalised free-market economy, often through inputs on credit outgrower schemes. In addition, there are a number of commercial companies which run inputs on credit outgrower schemes for specific cash crops such as cotton, tobacco, soybean, horticultural products etc. The outgrower approach is one of the business approaches facilitated in EEOA programme areas by private entrepreneurs. These organisations are potential collaborating partners for the EEOA programme.

Issues of ownership and phasing out of the EEOA programme, as discussed in Section 4.3, Sustainability, are particularly pertinent to private- and public-sector perspectives in Zambia.

4.5.2 Creation of an enabling environment

EEOA was intended to build on the opportunities from deregulation and liberalisation of the agricultural sector in the early 1990s. Although much *has* changed, deregulation and liberalisation remain incomplete and the legacy of the one-party State era continues to flourish. Particular problems arose from the initial speed of deregulation and near collapse of

maize-dependent agriculture, and the collapse of the largely government-led credit institutions. In addition, continuing government interference with maize input supply, unsecured credit and price stabilisation has been largely responsible for increased uncertainty, reduced confidence in the market, reluctance of the private sector to become involved, and most importantly, the continuing dependency syndrome, lack of crop diversification and ultimately food shortages. Problems still remain with the physical infrastructure (maintenance), weak extension, credit availability and market development. Little progress has been made with other aspects of the enabling environment, such as the legal framework for small farmer lending and contracting, macroeconomic measures including overvaluation of the currency, protection of Zambian producers from dumping, the indirect effect of high fuel, VAT and other taxes upon small farmers, and the control of monopolies and buyer collusion. Despite government rhetoric intended for donor ears, the political will to really transform the Zambian economic landscape is signally lacking.

The response of donors has been various programmes aimed at promoting the development of the free market economy. The World Bank, Sida, USAID and IFAD have been some of the notable players. While the precise mix of ingredients varies from one programme to another, there is broad agreement on the basics. Zambia should not return to a State-controlled economy, government should withdraw from normal private-sector functions, deregulation should be strengthened, and other factors should be addressed to promote a more complete enabling environment. Most programmes tend to work within the existing constraints and concentrate on education and capacity building, credit and some infrastructure, mainly in the more disadvantaged outlying areas. The EEOA programme is no exception to this and supports the development of an enabling environment mainly at the local level through support to infrastructure, credit availability and business confidence through facilitation, improved information flows and developing linkages.

EEOA included credit as one of the three main components of its first phase, as detailed in Section 3.3.2, Credit. After initial problems and setbacks, the credit system now appears to be working successfully, repayment rates are high and services are expected to continue through MBT.

Donors need to collaborate to lobby for a consistent and transparent policy position of government and more committed support for an enabling environment. There is no evidence that donors will collaborate in this way, indeed donor Balkanisation is the rule. The tendency is to pretend to believe government assurances, as this is a surer route to disbursement of funds. Nonetheless, effective programme design must be anchored in an in-depth understanding of the real situation as opposed

to the stated policy position of government, and in a realistic assessment of what may be changed easily and what may not.

4.5.3 Promotion of agricultural markets

Development of agricultural markets is the focus of the EEOA programme on which production, processing and trading depend. As outlined in the description of EEOA in Section 1.2, this has received greater emphasis over the last two years with the development of two new components from the facilitation and training components: business promotion and marketing, and agricultural extension support and networking.

Facilitation and training are core EEOA activities enabling farmers and entrepreneurs to develop the understanding, skills and capacity to establish or improve their businesses and link up to develop the markets. The aim is to build a 'critical mass' of farmers and entrepreneurs to secure the market and continue economic expansion. The businesses generally relate to agricultural production, processing or trading and the programme seeks to encourage a change in attitude in farmers to regard farming as a business which operates in and towards a market. The roles of processors, traders and other businesses need to be understood as part of the environment within which farming operates. The importance of the economies of scale delivered by groups is important, as is the understanding of risk and opportunity.

Facilitation aims to create awareness and understanding of the opportunities and risks in a liberalised market economy. A range of specific training courses is available, including business idea generation, starting and improving a business, technical training, group formation etc. The focus at local village level is on business-oriented production for existing or growing markets. Examples include sunflower, soybean, irrigated vegetables etc. Formation of interest groups and registered societies is encouraged to improve negotiation power, economies of scale and obtain credit. Processing is encouraged at village or urban/district level to add value and strengthen the market. Examples include sunflower oil extraction, peanut butter, coffee pulping etc. Trading businesses are encouraged at village level (groceries, input credit and commodity purchase through outgrower schemes etc) and urban/district level (commodity traders, poultry feed, market organisation etc). Trading with national level is facilitated through information and links.

Links and complementarity between farmers, businesses and traders is seen as an essential part of market development. The programme supports the development of various groups and businesses at district level to compliment and tie in with the production and processing enterprises being developed in villages. In response to local demand, some of the in-

frastructure support has been used for market structures at village and district level (for example, Chinsali).

4.5.4 Relevance of EEOA assumptions, approach and design

A problematic assumption for EEOA is the sustainability of the various production, processing and trading businesses initiated by farmers and entrepreneurs, and the need to spread the understanding and opportunities much wider. Through thorough training and self-motivated development of their own businesses, the majority of farmers and entrepreneurs should be able to keep their businesses running, provided the economic and market situation remains relatively stable.

The partial failure of liberalisation and poor development of an enabling environment discussed earlier give cause for serious concern. As a core assumption of the EEOA programme, it could be argued that this undermines the validity of the programme, particularly in so far as it frustrates spread. This raises two important questions: why is EEOA regarded as one of the more successful of its type in Zambia, and how can the crucial issue of full liberalisation and the enabling environment be addressed?

EEOA has been one of the pioneers in developing private-sector-led agriculture, has developed a sound and appealing methodology for facilitation of development, and has had real success in the field, particularly in Northern Province. The lack of government consistency and commitment to liberalisation does not surprise many in the Zambian context and most programmes take this, at least informally, as part of the environment within which they have to operate. The fact that such an important assumption for EEOA is not fulfilled completely must give cause for concern but does not seem to undermine the programme's credibility. Since EEOA is able to improve the business environment on a local level in the facilitation areas, the main problem for EEOA is the difficulty for the ideas and effect to spread without a sufficiently enabling environment in the rest of the districts. It is generally accepted as too early yet to assess the spread effect, but the issue has been raised (for example, James et al 2001). The above represents a wider problem concerning the frequent differences between government rhetoric on policy and the ground reality. This can be reflected in the formal documentation view of the project and the informal field view. While the reality is often appreciated, the documentation may, as in this case, make unrealistic assessments and projections based on policy rhetoric. This serves to confuse an already complicated situation. In this case, it would be better to make a more realistic assessment of likely spread in the current real situation and see if there are ways to improve this.

The second question of full liberalisation and creation of a more convincing enabling environment is an issue for government. Programmes can and should lobby, and would do this much more effectively in collaboration with each other and with their respective donors. This becomes difficult when the government rhetoric is positive but does not coincide with reality. It appears that the stance of the new government is less favourable to full liberalisation, but the rhetoric is closer to the reality.

Continued government interference in maize has also caused additional problems, particularly in Eastern Province, through reinforcing the dependency syndrome and discouraging crop diversification which both contribute to seasonal food shortages. Although food shortages were particularly acute at the time of the field visits, seasonal shortages are perennial in rural areas. This issue needs to be addressed or the efforts at business-oriented farming will be undermined.

Although the private sector has generally not responded to liberalisation, when farmers and entrepreneurs in EEOA areas can develop improved understanding, appropriate skills, vision and encouragement with the possibility of further support through credit and minor infrastructure, they do adopt a business orientation and develop a variety of business.

Notwithstanding the above comments, the EEOA programme *has* made an impact and is generally acknowledged as being one of the more successful in Zambia. It has been held up as one of the models mentioned in the New Agricultural Policy and Agricultural Commercialisation Programme and is very much in line with the Poverty Reduction Strategy Paper.

Chapter 5

Conclusions

5.1 Summary

Until 1991, Zambia's economy was based on a centrally-planned system with arbitrary pricing and State supply of inputs to agriculture. Financing was based largely on copper mines, the output of which has gradually declined. Liberalisation of the economy after that date has failed to produce the expected increases in output, and indeed food security continues to be a problem throughout the country. Food shortages were widespread in Zambia during the fieldwork visit.

Agriculture is a dominant economic activity in Zambia and the sector generates around 22% of GDP while providing livelihoods for more than 50% of the population. It is increasing in importance as the mining sector declines and is regarded as the engine for growth for the future. The agricultural sector was extensively, though not completely, deregulated during the 1990s – after decades of one-party State control, the government elected in 1991 set in motion a rapid deregulation process which had mixed results. While marketing parastatals, co-operatives and lending institutions collapsed, the private sector was unable to respond by replacing them, and continued government interference in maize has led to continued dependency, low crop diversification and persistent seasonal food shortages. There has been some success with the growth of outgrower and contract farming and some new cash crops, though this has been largely restricted to favoured areas along the line of rail and where there has been support from NGOs, donors and commercial companies. The much-anticipated enabling environment may not be achieved in the present climate and the new government is likely to continue interference. Private-sector involvement and markets have nevertheless grown in some areas and a growing number of 'emergent' smallholder farmers now operate in a broad context of input and output markets. However, the majority of subsistence farmers or own-account producers is still largely outside recognisable markets and grow food crops almost entirely for consumption.

Many smallholder farmers are still affected by seasonal food shortages and there is some evidence that this is worsening. Typically, climate and input shortages are blamed, although compared to many other African countries, farmers in Zambia have a highly favourable situation. None-

theless, a failure to address food security issues will inevitably undermine and limit the degree of market orientation and economic development. This is largely a question of increased food crop diversity, breaking the dependency syndrome and probably improving social cohesion. Logically, any programme hoping to improve the situation in rural Zambia has three options:

1. To increase production of staples in a risk-averse farming system
2. To expand cash-crop production based on realistic market descriptions
3. To expand local agro-processing.

All of these can generate income and improve food security if implemented successfully.

Sida supported co-operatives in Zambia over many years, but these co-operatives collapsed after liberalisation. Sida support to IRDPs in Eastern, Northern and Luapula Provinces was brought to an end in the early 1990s. A new approach was developed from 1993, resulting in the EEOA programme starting on a pilot basis in 1995. It is due to close in 2002, to be replaced by a programme that unifies Sida's disparate agricultural support programmes in Zambia.

The underlying assumption of EEOA is that development should be private-sector and market led, and the key to development is a major re-orientation of smallholders towards a business outlook. This is to be achieved by facilitation and training at the level of the individual, the household, the interest group and small entrepreneurs. The aim is capacity building rather than service delivery, although REEF has funded some infrastructure while EEOA has facilitated loans to interest groups through MBT.

EEOA operates in selected districts in two provinces – Northern and Eastern – and selects four or six facilitation areas for detailed operation. In theory, EEOA conducts its operations in each FA for just three years before moving on. EEOA's primary focus is on wealth creation and increased income through working with self-selecting, articulate and literate households in accessible areas, considering that they are the best engine of economic growth. This approach is very much in line with the draft *Poverty Reduction Strategy Paper for Zambia* (Ministry of Finance 2001) presently in circulation. It is argued that the EEOA programme should acknowledge poverty reduction as an explicit goal and take steps to understand how the economic growth facilitated by the programme impacts on poverty, and develop actions to enhance the positive and avoid the negative effects. In addition, it is recommended that the food security issue needs to be addressed more explicitly or the business-orientation efforts may be undermined.

EEOA has a relatively intensive system of self-examination and review and has significantly re-oriented its component structure, some activities and the monitoring and evaluation system itself during its existence. Intensive review missions from Sida have been crucial to this process, and this type of learning has been very effective. EEOA liaises or collaborates with a variety of external bodies, notably NGOs, though it is suggested that this should be more structured and at a deeper level to obtain synergy for specific purposes as needed in Eastern Province.

EEOA was originally conceived as a 'bypass' project, since MAFF was considered too weak to implement the programme, and the programme would go beyond the normal MAFF functions in dealing with the private as well as the public sectors. After the specified time period in a facilitation area and district, the 'machine' is removed. This somewhat unusual bypass set-up and the arrangements for ownership and integration of different functions appear to be valid considering what EEOA is trying to achieve, but are only really justified if the achievements are self-sustaining and more so if the effect spreads. While it is still too early to assess this definitively, it appears that many of the enterprises initiated in the FAs should be able to sustain themselves if the economic situation remains relatively stable. MBT is expected to continue operating after EEOA phase out, but credit institutions in Zambia have had a poor track record. Additional infrastructure is in place but the maintenance problem has not yet been solved. Some spread of the business focus and the more attractive initiatives should be feasible within a FA but will be more difficult outside. Since the understanding and ideas are in principle valid for most of rural Zambia, it is important to learn carefully from the real effects of the EEOA intervention and feed the lessons into wider processes. Area development programmes are of limited value and may not be justified if the lessons learnt are not spread more widely or feed into higher processes.

The incomplete liberalisation and poor development of an enabling environment restrict the possibilities for spread and require greater effort on the part of the programme in the programme areas than would otherwise be the case. The critical mass idea and partial coverage of districts for a limited time period imply a greater spread effect than seems realistic. In the light of the importance of spread and the speculative nature of a core assumption of the programme, a review of the project logic and clearer statement of the expected outcome and spread would be in order.

Capacity building is at the heart of the programme and individual EEOA beneficiaries have certainly improved their business understanding and skills, and developed the links and capacity to run a variety of businesses. The household survey indicated improved levels of economic diversification. There has also been an improvement in the capacity of

MAFF to provide market-oriented extension support to farmers and enhance the spread of the EEOA effect. The MBT has successfully been established in the programme areas and is currently achieving credit repayment rates in excess of 90%. The main service delivery function of the programme is direct support for agriculture and market-related infrastructure with around 50 projects implemented to date.

Information and market intelligence are central to developing successful businesses. While the facilitation approach and neutral business idea generation (which does not promote specific ideas) has worked well in the Northern Province, it does not appear to have worked so well in Eastern Province, where an in-depth understanding of the more complex market is needed and there is a need to break the monopoly of local Asian traders in some commodities. It is suggested that the facilitation approach should be supplemented with high-quality market intelligence in a limited number of 'best-bet' technologies and more proactive development of the market where needed in collaboration with interested NGOs etc. Systems for more generalised market information also need to be developed.

A major aim of the programme is to orient farmers and entrepreneurs to think of farming as a business and to escape the often-mentioned dependency syndrome fostered during the years of one-party rule. The dependency syndrome however remains strong, with many speeches to the team by EEOA beneficiaries including requests for funding, somewhat at variance with the ethic of self-reliance. The continued but unreliable government interference in maize input credits, marketing and pricing must take a lot of the blame for this, as well as the continued high reliance on maize, lack of diversity in food crops and continued seasonal food shortages.

EEOA was designed and initiated during a period of rapid change. The programme understood the risks and therefore built in considerable flexibility. Based on the declining capacity and morale in the government and previous experience from the IRDPs, the programme was given a 'bypass' type of structure. At the heart of EEOA is facilitation and building capacity of smallholder farmers and local entrepreneurs, with additional support for infrastructure and developing a local financial services and credit institution. The focus is more on developing local markets, capacity and a supportive business environment than a widespread enabling environment. The overall result in the broadest terms has been generally successful in programme areas, but with the potential for spread of the ideas seriously restricted by the lack of an enabling environment.

The approach and design of EEOA are felt to be largely appropriate to the present Zambian context. The bypass structure gives programme staff the flexibility to respond to the changing situation, although flexibility alone does not guarantee success. This also depends on the pro-

programme developing a sound understanding of the socio-economic environment and predicting likely trends. All this requires sound management supported with a monitoring and evaluation system, both of which the programme possesses. While the basic design of the programme seems relevant to the difficult situation within Zambia, further evolution is necessary. In relation to Sida's goals, EEOA has promoted economic growth and greater equity in respect of gender, very much in line with Zambia's stated policies. EEOA does not directly address Sida's overall goal of poverty reduction but rather focuses on economic growth and wealth creation through working mostly with self-selecting, more articulate and literate smallholder households in the higher potential parts of the outlying areas. It is argued that EEOA should take on poverty reduction as an explicit and definite goal. The programme should then investigate and understand the mechanisms through which the increased wealth and opportunities can benefit the poor and take steps to enhance the positives and avoid the negatives.

This chapter has highlighted the gap between the donor-driven government rhetoric and the reality: strategies redolent of the command economy keep surfacing in new guises. No genuine viable business could operate basing its strategies on rhetoric and the shortage of private-sector enterprises in Zambia as a whole argues that potential businesspeople understand the reality of government policies all too clearly. The political nature of EEOA is illustrated by its need to accept government rhetoric at one level and yet act on the ground in a quite different fashion.

Although not explicitly stated in the programme document, it is implied in the programme vision that EEOA should achieve sustainable spread from a 'critical mass' in core areas. Although covering only part of the district, and with a six-year time limit, the implication is that this is sufficient to uplift the whole district in some way. The survey suggested there is only sparse evidence for this in practice and no model why it should work in theory²⁵. If your target group is self-selected, articulate, literate and with a least some surplus cash, it is hard to see why they should spread entrepreneurial skills to their neighbours. Why not restrict the information, which may be a source of income and gain advantage over those neighbours? In addition, if the neighbours are in a less accessible site, the motivation to travel there and diffuse skills would seem to be rather low. The conclusion that emerges is that if the spread of skills depends on a movement out from the centre to the periphery, there has been some compelling sociological model to suggest that this will occur; calling on some vague notion of goodwill is not enough.

²⁵ This rather reverses the old dictum about an economist being someone who, seeing something work in practice, asks whether it works in theory.

EEOA policy on individual commodities has been contradictory. Despite proclaiming promotion of methods and approaches rather than individual commodities, EEOA literature on tomatoes is very product-specific, as is their promulgation of lime in Northern Province. Other NGOs have identified detailed work with specific commodities as a key tool in raising incomes and initial results suggest that they are right. In Eastern Province, EEOA need to engage more proactively with key players in the market at a higher level to break the control of rings of commodity buyers in direct collaboration with other concerned NGOs.

Appreciating the importance of market intelligence and information flow is crucial to the development of entrepreneurship. In West Africa, with its elaborate traditional market sector, information is highly valued, and flow systems well-developed. Sustainable local systems for collecting, analysing and disseminating market information remain in their infancy in Zambia. EEOA rhetoric attaches great importance to this, but they have not yet been unable to develop systems which can further disseminate information already collected and freely available, let alone collate original data. Serious strategies for promoting entrepreneurs must engage more fully with market information, both collating, disseminating and matching mechanisms to audiences.

There is a logical flaw here. Potential collaborators lack market orientation and certainly lack information about wider markets. A consequence of this is that they frequently come up with unviable and sometimes naïve or bizarre business ideas²⁶. Ideally, these would be filtered out at an early stage by individual advice, review and adequate market information, but in reality, either these ideas are never implemented or the enterprise collapses. Conclusion follows that any training of this type must be followed up by a much more comprehensive review procedure.

A rather contradictory conclusion emerges regarding lessons for national policy. At one level, it seems rather evident that the Zambian Government is quite impervious to policy development based on empirical data. Recent moves back to the command economy are certainly not based on its successes, but merely on a sentimental attachment to a strategy developed on the back of nostalgia for the optimism of the 1960s, and on the unacknowledged role of high copper prices in supporting this strategy. Donors will therefore need to engage more energetically with actual behaviour and not be satisfied with rhetorical flourishes. The Zambian Government has assigned itself to a number of papers, such as the National Agricultural Policy, Agricultural Commercialisation Programme and Poverty Reduction Strategy Paper, underscoring its support for eco-

²⁶ This has been questioned by EEOA, but having listened to their own collaborators expound these ideas, we stand by this statement.

conomic liberalisation. The outputs and lessons from programmes such as EEOA could feed into these and give them a more empirical base, as well playing a role in convincing officials that practical benefits will emerge from adopting their strategies.

To summarise:

- A focus on agriculture and rural areas is appropriate for Zambia.
- Zambia does not suffer from major climatic or demographic problems and therefore continuing food insecurity is essentially a problem of market failure.
- This can be addressed by upgrading the skills base and increasing information flow.
- However, this will only benefit a certain segment of the population in the short and medium term unless a more enabling private-sector environment develops.
- Project design must specify how wealth creation reduces poverty.
- At higher levels, donors must press government to match its liberalisation rhetoric with its actual policies.

5.2 Design considerations for area development

Zambia represents a problematic example for lessons in area development, due to the ineffectual State and the mismatch between government rhetoric to donors and policy realities which continue to promote the values of the command economy. While EEOA works with the self-selecting, articulate and literate households in accessible areas, relying on a multiplier effect for poverty reduction, the extended time schedules required to make this effective suggest that a more segmented and pluralistic approach is required if its impact is to be in line with Sida policy. The tendency to select the more accessible and higher potential areas in a district effectively excludes the less favoured areas, which is unusual in design terms and contrastive with Sida's policy elsewhere. The poor almost by definition live in inaccessible areas and have restricted voice; depending on any sort of multiplier or trickle-down effect is a dangerous presumption. Development agencies surely have a commitment to reach disadvantaged groups in the here and now, sometimes in a way that may be unsustainable or even unviable in economic terms. However this is framed ('social protection', 'beneficiary segmentation' etc), it is surely imperative that some element in a project addresses deprivation and vulnerability immediately rather than postponing their alleviation to the finale of a lengthy process, even assuming there is empirical evidence to suggest that this process is effective.

ADPs are preferred to sector-wide approaches both to target the poor in the here and now, and to develop ideas and models for wider application and feeding into policy and mainstream practice. Selecting defined areas allows more holistic approaches to be followed which can better respond to varying needs.

Experience gained from the implementation of the EEOA programme as discussed above suggest the following design considerations for future Area Development Projects:

- Baseline studies are essential not only for understanding impact, particularly for poverty reduction, but also for the course corrections that are part of a process project. The transition from a different programme should not be an excuse to omit the collection of baseline data. This is especially true where development is to be market driven – no effective business can run without reliable data and documentation.
- Effective poverty reduction will not occur unless it is designed into the programme at its inception. In particular, proposed trickle-down and diffusion mechanisms to reach the poor must be based in socio-economic reality, not development rhetoric.
- Time scales are important. If a segment of the population is poor and disadvantaged, one element of any intervention should address their immediate needs rather than planning for this to occur at the end of a lengthy process.
- If the market is the presumed engine of economic growth, the programme strategy must be based on a realistic description of the market and of government policy, neither of which may correspond to their rhetoric.
- Clear and fully justified (cost-effective) procedures for monitoring and evaluation should be incorporated.
- Mechanisms for feeding ideas and lessons learnt into wider processes should receive greater consideration and, if possible, be incorporated in the project design.
- Sustainability deserves greater attention, either through transferring project methodology to government where capacity exists or devising means for civil society to carry through once the project finishes.
- Area development can promote wealth stratification ('elite capture'), actually impoverishing the poor rather than benefiting them. Although this is probably not occurring in Zambia, this issue was not considered at the design phase and should be included.

- Over-concentration on promoting programme rhetoric at the expense of programme reality can lead to misleading evaluations and an absence of effective business thinking among beneficiaries.

5.3 Design matrix for area development

The previous section is intended to capture in narrative form design issues emerging from the Zambian survey. However, to relate the findings, Table 11 presents a matrix organised in terms of Sida's broader objectives.

Table 11. Zambia ADP: matrix for design features

| Sida objective | Original assumptions | Current assumptions | Relevant actual design features | Reality | Desirable future design features |
|--|--|---|---|---|--|
| Poverty reduction | Not explicitly a poverty reduction project – promotes wealth creation rather than poverty reduction | Not explicitly a poverty reduction project – promotes wealth creation rather than poverty reduction | 1. Strong emphasis on literacy and articulation among beneficiaries 2. Beneficiaries largely self-selected | 1. Overall area wealth may have increased especially in Northern Province 2. Food security still a problem | 1. Need to understand how wealth creation impacts on poverty and design for this 2. Food security to be addressed |
| Sustainability | Private sector strong enough to take over when project leaves | Private sector strong enough to take over when project leaves | Strong emphasis on capacity building and linkages Contact with a wide range of stakeholders | Inertia of private sector is stronger than estimated Political interference with free market continues | 1. Stronger linkages with NGOs and CBOs with similar operating goals 2. Richer appreciation of market situation and more timely distribution of information |
| Learning | | Experience has led to regular course corrections | Strong M&E component | Internal learning quite effective; learning from external organisations less strong | Baseline data and strong M&E are very important: expense is further justified through feeding into wider processes |
| Integration | EEOA a bypass organisation with limited time of operation – different parts absorbed by different structures | MAFF can take over some extension functions | Strong facilitation and training | MAFF capacity remains extremely limited in most regions and integration thus of limited value | Local government capacity for learning weak; better integration with NGOs and CBOs desirable |
| Capacity to inform wider processes such as PRSPs | Not applicable | Not applicable | Perhaps not designed towards this end, but may still be possible to draw some out | Government commitment to private sector and poverty not consistent | To be specified more generally but role of area development in increasing wealth stratification needs further consideration |

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Appendix 1

Data on the Household Survey

Table 12. Interviews by province

| Province | No. |
|-----------------|------------|
| Northern | 66 |
| Eastern | 30 |

Table 13. Interviews in individual villages

| Village | No. |
|-------------------------|------------|
| Azele Kacheke | 4 |
| Chakumba | 2 |
| Chazombe | 1 |
| Chilikisha | 15 |
| Chiphawafu | 2 |
| Kalungu | 16 |
| Kapale | 2 |
| Kasenga | 3 |
| Katete | 7 |
| Katongo Kapala | 2 |
| Kaumba | 15 |
| Kawama | 1 |
| Kazimule | 1 |
| Luchindashi | 3 |
| Lufeyo | 5 |
| Mufubushi Centre | 9 |
| Nachitema | 2 |
| Zemba settlement scheme | 6 |

Table 14. Does village have access road?

| | No. |
|-----|-----|
| No | 5 |
| Yes | 91 |

Some household characteristics

The mean age of effective household heads was 38 – uncharacteristically low for Africa and reflecting the ‘absent male’ syndrome. Interviewees were divided between the sexes as follows: female 42 and male 54. Mean household size was 7.77.

Table 15. Is interviewee household head?

| | No. | % |
|-----|-----|------|
| No | 21 | 21.9 |
| Yes | 75 | 78.1 |

About half the households had someone away, either at school, working in the city or on labour migration (Table 16).

Table 16. Averages of household members absent

| Category | No. | Average |
|--------------------------------|-----|---------|
| Households with no-one absent | 50 | 0.00 |
| Households with members absent | 46 | 2.59 |
| Total households | 96 | 1.24 |

Table 17 shows the literacy rates recorded among interviewees. These are far higher than rural literacy rates in Zambia as a whole, which are around 30%, and illustrates the preponderance of literates among those in contact with EEOA.

Table 17. Literacy rates

| | Can you read? | Can you write? |
|-----|---------------|----------------|
| No | 10 | 11 |
| Yes | 86 | 85 |

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Area Development Projects, Poverty Reduction, and the New Architecture of Aid

This study looks at area development projects in a perspective of poverty reduction, sustainability and learning. It seeks to find out how some of the long-standing problems of the area development approach, such as targeting and integration of projects with existing policy frameworks and systems of administration, have been solved in three different projects. Formative in purpose, it also tries to identify how area development projects might be retooled to fulfil their mandates more successfully, and to exert stronger influence in an emerging system of aid built around national poverty reduction strategies and programme support. The study argues that area development projects have their main potential as pilots for experience-based model building and innovation. The three projects under review are CAREERE/Seila in Cambodia, EEOA in Zambia, and ANRS/SARDP in Ethiopia.



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