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The Concept of Integrated Rural Development

by Alois Basler, Brunswick-Völkenrode*

The resolution convening the World Conference on Agrarian Reform and Rural Development which was held in Rome on July 12-20, 1979 called for a "frontal attack on poverty . . . by a deliberate policy of integrated rural development". The aims and implications of the concept of integrated rural development are analyzed in the following article.

The concept of integrated rural development (IRD) as a strategy for developing countries has been one of the focal points of the discussion on development policy since the early seventies. International organizations expect the IRD to lead to a break-through in the fight against hunger, underemployment and dependence. Several governments of developing countries have already modified and complemented their economic plans so as to pay more attention to the rural regions, and this multisectoral approach has also become a salient feature of socio-economic research analyses.

The immediate motive for this discussion on strategy at the opening of the Second Development Decade is fairly obvious: Production and per-capita incomes have risen little in most countries of the Third World in spite of extensive measures of development policy during the sixties. In many countries, regions and strata they have indeed fallen back. This trend had especially grave consequences in the agricultural sector and for the food supplies of the entire populations.

In their analysis of the structural obstacles hampering agricultural production in developing countries irrespective of whatever strategy may be pursued the critics have been concentrating increasingly on the amalgam of theories on which the development policy of the sixties rested. According to the ideas which prevailed in those days, mainly because of the work of W.A.Lewis¹, the agricultural sector develops in a dependent relationship with industry. The causal connexion between the two was (somewhat simplified) seen as follows: The establishment of industries alters

the exchange relations between agricultural and industrial goods to the detriment of agriculture. This leads necessarily to a transfer of labour and capital from the primary to the secondary sector where the marginal return is substantially higher. The egress of productive elements from agriculture reduces the labour force in this sector with the result of an increase in productivity. Capital is created in agriculture, and this makes it possible to increase the production of agricultural goods and forms the basis for the emergence of a demand for industrial products². According to this train of argument which builds on the functional mechanisms of unbalanced growth³ the food production increases almost automatically as a result of industrial development.

Return to the Ideas of the Fifties

The practical experience showed very soon that, a few so-called threshold countries excepted, the growth potential of the industrial sector is not sufficiently large to absorb even the annual increment of the working population. For this there are many reasons among which technical-economic factors are as important as demographic facts with their socio-psychologic components. However, even if local conditions favour the speedy development of an industry and facilitate the withdrawal of labour from agriculture over and above the increase of the working population, this

¹ W. A. Lewis, *Economic Development with Unlimited Supplies of Labor*, in: N. N. Agarwala, S. P. Singh (eds.), *The Economics of Underdevelopment*, Bombay 1958, p. 400 ff.

² On the functioning of this approach cf. also H. Körner, *Industrie und Landwirtschaft im Prozeß der wirtschaftlichen Entwicklung* (Industry and agriculture in the economic development process), in: B. Fritsch (ed.), *Entwicklungsländer*, 2nd ed., Cologne 1973, p. 262 ff.

³ L. Hoffmann, *Entwicklungstheorien des ausgewogenen und unausgewogenen Wachstums: Eine Gegenüberstellung* (Development theories of balanced and unbalanced growth: a comparison), in: *Zeitschrift für gesamte Staatswissenschaften*, Vol. 121 (1965), p. 547 ff.

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need not, as Myint⁴ has shown, automatically lead to a rise of agricultural production as assumed in the model. Structural factors including the agrarian structure, the knowledge of production techniques among the rural population and the degree of organization to which complementary services have advanced are far more important as determinants of production growth than the release of labour from agriculture. "The transposition of people and investment resources from agriculture to industry is . . . the consequence and not the cause of modernization of agriculture"⁵.

The recognition of these facts and the continuous deterioration of the level of supplies for broad strata of the population together with the widening supply gaps in most developing countries led to a return to the strategical considerations of the fifties. "Community Development Programmes" and employment programmes had been drawn up and put in practice during those years under the impression of the social conditions in most countries of Asia and in India in particular with the aim of assuring the population outside the big centres of economic and social progress. Measures were taken mainly to improve the local infrastructures including water supply, health services, education, etc. These programmes were in fact not very successful – largely, it was thought⁶, because of neglect of the agricultural production. The proper solution seemed therefore to be a strategy of action in rural areas which was not confined to infrastructural measures but put equal emphasis on the expansion of agricultural production with the participation of the whole population.

Characteristic Features

This orientation emerges clearly from the definition of integrated rural development projects by the World Bank: "Rural development programs or projects are intended to provide a sustained increase in the output and level of living of a significant proportion of the rural poor in a given area . . . The focus is on activities which either raise incomes directly or at least provide the potential to be more productive"⁷. The World Food Conference in 1974 expressed its avowal of an

integrated approach to rural development including measures of land reform in "Resolution II (First Committee)"⁸ in similar terms. The discussion of this concept is however often encumbered by social aspirations and wishful thinking which make it difficult to discern which concrete programmes and measures such a concept entails. Certain essential features of integrated rural development may however be inferred from the definitions and from the interpretation of the concept of integration by social scientists. Its regional concern is with the rural area. Its most important objectives are⁹:

- ☐ Increase of food production and improvement of the supplies for the whole population,
- ☐ Improvement of the material infrastructure, training and health services,
- ☐ Attenuation of the "flight from the land" by the provision of jobs in agriculture (including complementary services) and in non-agricultural fields,
- ☐ Increase of employment, productivity and incomes of the rural population – especially the rural poor – and betterment of their living conditions,
- ☐ Integration of the whole population with the socio-economic process of development and decision-making.

This new approach is unmistakably targeted on regional development whereas previous strategies focused more on the growth of individual sectors of the economy paying no or too little regard to the regional and personal distribution of the growth effects. The professed aim of integration involves the inclusion of the sector programmes in the concept of regional development and their subordination to it. The existing structural situation in the developing countries (development level, food requirements) are however such as to give the measures a sectoral focus on agriculture.

Grave Problems

A number of grave problems make themselves felt when attempts are made to act on the concept of integrated rural development by determining measures and programmes for the attainment of its objectives.

The first difficulty results from the size of the agricultural units and the need, implicit in the objectives, of giving priority to the encouragement of small units. It is relatively easy to cope with this task if

⁴ H. Myint, *The Economics of the Developing Countries*, 4th (revised) ed., London 1973, p. 106-108.

⁵ H. Körner, *Industrie und Landwirtschaft* . . . , op. cit., p. 267.

⁶ R. Wulf, "Integrated Rural Development" – Entwicklung und Aussichten des Konzeptes (Integrated Rural Development – Development and prospects of the concept), in: *Zeitschrift für ausländische Landwirtschaft*, Vol. 16, No. 3, p. 234 ff. On the problems of the implementation of such programmes cf. also A. Baster, *Regionale Entwicklung und regionale Wirtschaftspolitik in Marokko* (Regional development and regional economic policy in Morocco), Berlin 1976, p. 137-145.

⁷ World Bank, *The Assault on World Poverty Problems of Rural Development. Education and Health*, Baltimore and London 1975, p. 18.

⁸ Bundesministerium für wirtschaftliche Zusammenarbeit (Federal Ministry for Economic Cooperation), *Materialien No. 47*, Bonn 1974, p. 15.

⁹ Cf. also M. Leupolt, *Zum Konzept der integrierten ländlichen Entwicklung* (On the concept of integrated rural development), in: *Zeitschrift für ausländische Landwirtschaft*, Vol. 15 (1976), No. 1, p. 6-7.

the units in the target area do not differ greatly in size. The support measures can in this case be designed so as to benefit agriculture in general. Advantageous conditions of this kind are encountered in East Africa for instance (in Kenya, Rwanda, Burundi, Tanzania) and in Egypt where the land reform in the fifties created a relatively homogeneous unit structure¹⁰.

In by far the larger number of developing countries agricultural unit sizes differ however widely not only within the country but in the various sub-regions¹¹. In accordance with the conceived objective – promotion of the small units – promotional measures should therefore be applied only on a selective basis inside a given area because experience has shown that the general implementation of this kind of measures in a certain geographical area works in favour of the larger units.

As far as advisory services in the sphere of production are concerned, such a selective approach would be perfectly practical; specific services for certain units could be organized without great difficulty. The situation is similar as far as the provision of credits is

concerned; interest rates and collateral requirements could be graded according to unit size. The real problem in regard to credits is the motivation of farmers to seek credits at all and to make any, however small, investments.

Integration of Small Units

The establishment of a purchase and sales system or, if it exists, the integration of the small agricultural units into such a system is encountering great difficulties. The creation of special institutions (such as cooperatives) might be considered as a solution but it would lead to the severance, at least on the local level, of the markets for input goods and agricultural produce. Whether they would be an appropriate instrument for increasing the competitiveness of the small units is a moot point.

A second possibility would be the integration of the small units with the existing purchase and sales system. This solution is also problematic for the

¹⁰ Canada Department of Agriculture, *Agriculture Abroad*, Vol. XXXIV, No. 5, October 1978, p. 1 ff.

¹¹ World Bank, *Reforme Foncière (Land reform)*, Washington, D. C. 1975, p. 63 ff.

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Mathias Lefeldt

ANALYSEKONZEPTE FÜR DEN AUSSENHANDEL

(Concepts for Analysing Foreign Trade)

The covering of causal relationships in the foreign trade sphere by models is the subject of the present study. Included are approaches which by means of an empirical model go in for the explanation of a country's level of goods trade and its medium- and long-term development. Furthermore a distinction is made between global and bilateral models. The theoretical foundations of models are examined in detail, the logically and theoretically derivable relations of individual model approaches with different explanatory targets are analysed and finally alternative formulations of models are discussed. (In German.)

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V E R L A G W E L T A R C H I V G M B H - H A M B U R G

established organizations are understandably more interested in large and efficient operators than in the small units. The purchases and sales of the former are on a larger scale, they have their own transport, are inherently more adaptable, and their capital base protects suppliers against risks. Moreover, there are often only limited supplies of input goods (machines, implements, seeds, fertilizers) available in the developing countries; they have to be distributed selectively. Even if the small farmers can be brought into the existing supply and sales systems under such inauspicious conditions through resort to special measures suited to their particular operations, it is in view of their weak bargaining position questionable whether they will be able to hold their own in the long run.

Whatever solutions may be available in an individual case, inherent in the existing unit structure is a danger that despite the diversity of the applicable measures the small farmers on whom this strategy is targeted will not be drawn into the regional and national orbits and that the subsidies which are intended as a temporary measure will become a permanent feature or be stopped without coming anywhere near to achieving their purpose.

Exodus of Skilled Personnel

The heterogeneous unit structure in an area which is to be assisted may suffer from another impediment to the implementation of IRD programmes which is no less onerous. A feature of the agrarian structure in many countries and regions is its fragmentation. The smallholders have little chance of earning a sufficient income and hence also little scope for accumulating capital. Their incomes are bound to remain below a certain threshold level even if they intensify their production methods, and they and the members of their families will still depend upon earning a secondary income. The younger members of these families in particular will go away and often leave the rural area for good. This trend is especially marked in countries which have already a few non-agricultural growth industries and regions. The people in the rural areas expect – often without justification – to find better-paid jobs in the urbanized centres.

With agriculture overmanned, this fact alone need not be regarded as undesirable, for an increase of productivity and incomes necessarily involves an exodus of workers. What makes these migrations problematic is the fact that among the would-be migrants are an overproportional number of skilled workers – including many who have been trained

under IRD programmes – because they have a better chance of finding permanent employment away from their farmholding and outside agriculture altogether than untrained men. This is a trend to be observed time and again which could be countered by enlargement of the size of the small units.

It is also clear from these reflections why in the absence of a land reform IRD programmes are in most cases not fully effective in achieving their objectives¹². What form such a land reform can and should take in each country depends on its existing agrarian structure as well as the general social options open to it.

The Landless Countrypeople

The unemployed and landless countrypeople present a special set of problems. Those who have no land of their own cannot normally find full-time employment even when the agricultural production is intensified by the deployment of a whole range of measures to increase production and returns. It is the less likely that they will find such work if the promotional measures are concentrated on small units with characteristic heavy underemployment. Assistance for the production of these units will certainly enable the owner to work more and raise his income but in rare cases only will he recruit additional labour. And if in connection with the furtherance of the small units the supply of inputs and credits to larger units in which outside labour is employed is cut down, a programme of this kind may actually reduce the incomes of the *landless* farmworkers and, in extreme cases, cause employment to decline¹³. This would certainly not serve the employment objective. A land reform would possibly provide a solution. Land could be assigned to unemployed landless farmworkers to provide them with basic employment and incomes in a similar way as small farmers may, as mentioned, be allotted more land to improve their production and income base. The relation between available land and population in the rural regions of developing countries sets however narrow limits to such a policy of coping with the employment problem.

¹² In Resolution II of the World Food Conference of 1974 the concept of IRD, combined with a land reform, is regarded as the sole escape from the increasingly grave food situation in developing countries. Cf. Bundesministerium für wirtschaftliche Zusammenarbeit, Welternährung, Materialien No. 47, 1974, p. 15-16. The World Food Council of the UN also regards land reform and integrated rural development as the crucial lever for an improvement of the supply situation. Cf. Agrarian Reform and Rural Development, Report of the Executive Director of the World Food Council, WFC/1978/4/7dd 1, Mexico City 1978.

¹³ "Given a certain investable fund for agriculture, and without any change in the rate of factor substitution, a priority of small farms at the expense of large farms will result in a reduction of underemployment and little creation of wage employment. This difference in the kind of employment generation through small versus large farm strategies may imply a falling wage rate and income for landless agricultural labourers as a result of small farm oriented rural development programmes." A. R a i s u d d i n, Agriculture in integrated rural development, in: Food Policy, Vol. 2 (1977), No. 2, p. 143.

A rural development policy must for these reasons provide for instruments and measures for the establishment and expansion of non-agricultural sectors. Infrastructural projects (road-building, housebuilding, education and health) are an obvious choice. The essential element of a self-sustained development process, especially in large regions with several centres, must be the artisan trades and small industries however. Not only do they provide job opportunities but they supply agriculture with simple investment goods, carry out repairs and absorb products requiring further treatment.

Need for National Planning

The manifold ramifications of agriculture on one side and artisan trades and small industry on the other make for a pronounced mutual dependence between these sectors in their development. This interdependence makes promotion of these sectors through combined programmes on a regional level advisable. Appropriate measures and incentives must be chosen in the light of regional particularities. Programmes of this kind can however only be carried through and sustained if fundamental decisions on the industrialization strategy to be pursued were taken at the outset on a national level. Such an integrated operation moreover requires effective horizontal coordination at a regional level, and for this multisectorally-oriented planning, control and administration units with far-reaching competences in the region concerned must be set up first.

The organizational principles in most countries are far from satisfying these requirements. The planning has usually a sectoral bias. Horizontal coordination exists at best on a ministerial level. The industrial planning is naturally relatively strongly centralized while the agricultural planning and the administration are largely decentralized. Coordination between regional authorities on the one hand and non-specialized, centralistically organized administrative units on the other is, as experience shows, not easily achieved. This institutional problem presents together with the familiar bottleneck of a shortage of skilled personnel a troublesome obstacle for the execution of integrated

projects which cannot be carried out without the participation of a decentralized regional development authority with competences covering all spheres of economic and social development¹⁴.

Essential Prerequisites

It follows from these observations that certain general economic decisions on the national level are essential for the purposeful and successful execution of integrated rural development projects and programmes. These essential prerequisites may be summed up in four postulates:

□ All economic planning must be regionalized and this regionalization must extend to all economic spheres and the industrial sector in particular. Existing policies which have still a largely sectoral orientation must be transformed into an integrated regional growth policy in which integrated rural development programmes are assigned a central role¹⁵.

□ This development strategy must provide for agrarian reform measures or enable such measures to be taken so that the small farm units can if required be rendered competitive by additional land allotment programmes.

□ The agricultural purchase, sales and advisory systems must be extended and their organizational principles must be modified so as to enable all agricultural production units to be integrated into the economic process.

□ A policy with this orientation necessarily involves changes in the planning and administrative structure of these countries which will entail the creation of regional institutions with multisectoral control and decision-making competences¹⁶.

These general social implications are seldom recognized. Efforts have been made in this direction, especially by the FAO¹⁷, but little attention has been paid to the relevant recommendations in practice by developing countries formulating their strategies or external organizations designing project policies. This is shown by an analysis of relevant programmes by Yudelma for the World Bank¹⁸. It showed that there was little appreciation of the essentially transsectoral nature of such strategies. It is true that more recent agricultural development programmes in contrast to the previous practice often include measures for the improvement of complementary services for agriculture, such as input supplies, advisory services,

¹⁴ H.-U. Thimm, *Integrierte ländliche Entwicklung – Hoffnung oder Sackgasse* (Integrated rural development – hope or impasse), in: *Entwicklung und ländlicher Raum*, 1971, 1972, No. 2, p. 6. – FAO, *Consultation on policies and institutions for integrated rural development*, Vol. I, May 1976, p. 2 ff.

¹⁵ In the author's view too little attention has been given to the importance of artisan trades and industry for successful rural development also in the more recent work on this concept.

¹⁶ Y. J. Ahmad, *Administration of integrated rural development programmes*, in: *International Review*, Vol. 111, No. 2, p. 119 ff.

¹⁷ FAO, *Joint Report on the Expert Consultations on Policies and Institutions for Integrated Rural Development*, Vol. I and II, Rome 1977.

¹⁸ "Consequently, any approach to development in the rural areas has to be concerned largely with agriculture. Rural development, on the other hand, means more than just agricultural development. Exactly what it does mean, though, has been the subject of much debate and little agreement – a fact that can be illustrated by recent experience within the UN". M. Yudelma, *Agriculture in integrated rural development – The experience of the World Bank*, in: *Food Policy*, Vol. 1 (1976) No. 5, p. 371.

credits and product marketing. It is also true that the distributional component of a development process is given consideration insofar as sets of measures are designed with special regard to the small farmers who are often suffering from special handicaps. Nevertheless, in spite of qualitative modifications and extensions, such programmes are in their very nature confined to the development of agriculture. The sphere of infrastructure (transport, education) and the secondary sector in particular are often ignored.

Old-Type Projects

In these circumstances it is difficult to refute the objection raised by Raisuddin¹⁹ that the new approach does not differ greatly from the conventional strategies and programmes and therefore cannot be expected to result in a noticeable alleviation of rural poverty. Almost all the integrated rural development projects to date have been agricultural development projects of the old type with a social component added to them, with the result that economic laws and constraints were often overlooked. The whole concept was faulted on the ground that it was an instrument for subsidizing small farmers rather than for advancing the general economic development and the growth of production²⁰.

Two countries however – Tanzania and Algeria²¹ – have chosen a general economic approach. As part of the reorganization of their socio-political structures both created in their different ways entirely new production, marketing and processing systems in agriculture and the rural area²². There is not enough space here for a critical appreciation of these experiments but these examples show how far the intervention must go and what risks (and chances) are involved in the creation of the essential general economic conditions for the application of an integrated rural development strategy.

Implications for Development Aid

One can think of various feasible intermediate types of development policy between the extremes of a strictly sectoral orientation (with largely uncoordinated processes or measures on the local level) and the

integrated, fully synchronized development of all economic and social sub-systems on the regional level. Eventuating from the alternative or cumulative integration in an overall programme of the individual sub-systems of relevance to the rural area, they cover:

- ☐ The agricultural production unit,
- ☐ Complementary services for the production units (input supply, marketing, credit system),
- ☐ Rural and regional infrastructure (transport, water supply, training, health service),
- ☐ Crafts and industrial production, including the building materials industry and the building trades,
- ☐ The private and state institutions.

The discussion on programmes and projects of integrated rural development has so far revealed only traces of an operational concept²³. Nevertheless it is agreed that the list of measures for such programmes must involve or include several sub-systems if they are to satisfy the demand for an integrated approach. Indispensable prerequisites for the implementation of such projects are an adequate system of development objectives and certain institutional facilities in the beneficiary country on which external organizations have little influence²⁴.

Dilemma of International Organizations

This creates a dilemma for the national and international organizations which are concentrating increasingly on projects of this type in the framework of their cooperation with the developing countries. They are designing and planning projects which promise to be more effective than previous strategies and projects in advancing such lately favoured development objectives as the elimination of hunger and poverty and the integration of the rural population. The conditions required for such a mode of operation exist however only in very rare cases in the countries concerned. There is therefore undeniably a danger that either the declarations of intent will not be put in practice or that genuinely integrated projects will be carried out in the rural area but will remain largely ineffective because of inadequate preconditions in the socio-political area of the beneficiary country.

¹⁹ "The World Bank's approach to rural development is designed to increase the income of mainly small farmers, apparently without any regard to what happens to landless labourers and other groups in the society. This is basically a production-oriented strategy differing little from the conventional approach to agricultural development. Such an approach alone can hardly be expected to achieve the primary objective of reducing rural poverty". A. Raisuddin, *Agriculture in integrated rural development*, op. cit., p. 144.

²⁰ H. Ruthenberg, *Rural Development – eine Sackgasse?* (*Rural development – a blind alley?*), in: *Zeitschrift für ausländische Landwirtschaft*, Vol. 14, No. 1, p. 3 ff. – Ch. Heimpel, *Rural Development – Die Notwendigkeit einer Ökonomie der subventionierten Landwirtschaft* (*Rural development – the need for an economic science of subsidized agriculture*), *ibid.*, No. 3, p. 276 ff.

²¹ The case of China cannot be considered in this context as the geographic, historic, political and economic conditions hardly bear comparison with other developing countries.

²² H. Hänsel, *The Rural Development Strategy of Ujamaa Villages in Tanzania*, in: *Zeitschrift für ausländische Landwirtschaft*, Vol. 15, No. 2, p. 180 ff. – J.-C. Karsenty, *La politique agricole algérienne* (*The Algerian agricultural policy*), in: *Maghreb-Machrek*, No. 77, Nancy 1977, p. 31 ff. – G. Lepout, *1000 villages socialistes en Algérie* (*1000 socialist villages in Algeria*), *ibid.*, p. 40 ff.

²³ The example of Peru has been used by Paz Silva to draw up a list of concrete measures for rural development which includes all the sub-systems mentioned here. Cf. L. J. Paz Silva, *A Proposal for Rural Development, Marketing and Rural Development* (Working Papers, presented for the International Expert Consultation), Berlin 1978.

²⁴ On the question of the integration of sub-systems with a superior macrosystem cf. S. Schönherr, *Konzeptionen ländlicher Entwicklungspolitik* (*Concepts of rural development policy*), in: *Zeitschrift für ausländische Landwirtschaft*, Vol. 18 (1979), No. 1, p. 5 ff.