EvSum438

SYNTHESIS OF INTEGRATED RURAL DEVELOPMENT PROJECTS

Background - The Evaluation - Overall Success - The Main Findings - Lessons

Background

In the mid-1970s, so called Integrated Rural Development Projects (IRDPs) were the main vehicles for aid to Africa's rural sector. The aim was to improve the incomes and standards of life of a large number of people in a particular area. The projects covered several sectors, such as agriculture, health and transport, often with more than one component for each particular sector. Agriculture was the main sector and often covered extension, research, credit, inputs and marketing. The intention was to embrace all the main sectors within a given rural area. IRDPs were thus wide-ranging, complex, ambitious and expensive.

Attractive rates of return of between 20%-40% were common at appraisal, based on hopes of dramatic increases in the yields of commodities. Incomes were thus expected to rise sharply - figures of up to 50% being common. They required, however, significant increases in the recurrent expenditure of the host government (to provide the necessary services) and also relatively large increases in labour input from farmers.

The Evaluation

The study presents a synthesis of conclusions from reviews or evaluations of six IRDPs. The projects had been jointly financed by ODA with the World Bank:

1. Upper Region Agricultural Development Project, Ghana.
2. Basic Agricultural Services Project, Lesothu
3. Rural Development Areas Programme, Swaziland
4. National Rural Development Programme, Malawi
5. Tabora Rural Integrated Development Project, Tanzania
6. South Darfur Rural Development Project, Sudan

Evaluation 1 by Johnny Morris; 2-4 by Johnny Morris, Terry Spens, and Peter Weare; 5 by Johnny Morris and Charles Robertson; and 6 by Alison Imbert-Terry.

The synthesis report was by Johnny Morris, ODA Economist.

Overall Success

Farm output did not increase as expected and economic rates of return were therefore substantially reduced. The objectives presented at appraisal were not achieved as planned.

The Main Findings

- *Inhospitable economic situation.* Many IRDPs were attempted in an economic situation that made the proposed developments nearly impossible. The recurrent budgets of governments were frequently unable to bear the burden of expenditure required by the project: for example, staff employed by some projects were no longer being paid, buildings were not maintained, vehicles were not replaced and there was sometimes no fuel for the ones that were available.
- *Insufficient knowledge of crop system.* Many of the projects suffered from lack of detailed knowledge of the general farm systems, and the particular crop production systems operating in the project area. More knowledge should generally have been obtained before the projects started; it was often difficult to obtain the necessary knowledge during implementation, and in sufficient time for projects to be able to proceed confidently with their proposed new crop packages.
- *Farm testing of new crop systems.* Generally, it was found that the proposed new crop technologies required further testing on smallholder farms in the areas. The basis for achieving the productivity gains was to some extent theoretical. As a result, there was a lack of sound proposals for new crop-production technology to be delivered by the extension service.
- *Over-optimistic yield assumptions.* In almost all the projects the adoption and yield assumptions deriving from the proposed crop technologies were found to be too optimistic. To some extent this was due to the problems indicated above. But the changes were expected to be adopted by too great a proportion of farmers in too short a period of time.
- *Valuation of increased farm labour.* In almost all the projects there was an inadequate analysis of farm labour during the design and appraisal. Crop-production budgets did not usually include cost or value of the labour of farming families. This meant that the substantial increase in farm labour input that was required was given insufficient attention in the calculation of the farmer's real cost of production. Crop systems were not properly assessed as to whether they offered a sufficient financial reward - taking into account that farmers' costs were higher and that they bore increased risk.
- *Proposals not attractive enough to farmers.* Because of the above problems of analysis, of farm gate prices, and over-optimistic yield assumptions, it was often found that the crop-production package in the project was not sufficiently financially rewarding to the farmers when account was taken of the changes in family labour input. Invariably the proposed changes in cropping systems resulted in only modest improvements in farm income. But the key test is whether the farmers can pay themselves what they regard as a reasonable wage for each day of work and, in addition, receive a sufficient return on their investment in cash inputs. In practice this notional pay was often found to be insufficient.
- *Marketing and price policies.* Farmers often received depressed farm gate prices for their produce, due to inefficient marketing or to inappropriate price policies.

- *Increased size of extension staff.* Most projects assumed that an improvement in the extension worker/farmer ratio, through increased expansion and concentration of the extension service, would in itself result in improved productivity. There was found to be little basis for this belief in relation to the general crops in traditional semi-subsistence smallholder areas. Instead, the increase in recurrent costs associated with larger numbers of unproductive extension staff and their housing was generally expected to pose major problems of finance at the end of the projects.
- *Management of complex and multi-sector projects.* The incorporation of non-agricultural components into the projects overloaded management so that implementation suffered. The integrated approach of many of the projects appeared to be based on the misconceived assumption that it was necessary to have all the components in the development of a particular area not only under one particular project but also under one management umbrella. While non-agricultural components should be planned and implemented concurrently if inter-related, this need not be under a single project management, or indeed within a single project.
- *Management too divorced from institutions.* Generally the management of projects was established in a new organisation. For the most part this had a detrimental effect on both project implementation and existing institutions.

Lessons

The experience gained from these projects can help in a positive way to improve aid effectiveness in the agricultural smallholder sector. There are 10 main lessons:

- *There needs to be increased support in terms of discrete projects for the agricultural research institutions.* Research should be orientated to producing improved financial returns to smallholder labour. Specific attention needs to be given to additional research on the mixed cropping systems prevalent in many of the more marginal areas of Africa.
- A high priority is for *increased on-farm adaptive research into crop production systems, particularly for mixed cropping*. Attention needs to be given both to the existing systems and any new proposals. Projects need to be based on the results of such research.
- *Research should be accompanied by assessments of the financial attractiveness of the technological proposals*. Such an agricultural economic input should be built into the research and cover both existing farm systems and the envisaged changes.
- The practice of *having a phased programme or pilot projects* should become more general, in order to test and demonstrate project feasibility and to firm-up project design.
- Appraisal of smallholder agricultural projects should *include a farm cost-of-production and financial viability analysis, properly incorporating the imputed cost of any changes in farm family labour input.*

- *Marketing and price policies* are critical for project success *and should be favourable before full implementation begins*. This can be ascertained during the pilot or preliminary phase. The importance to smallholders of *efficient input supplies and efficient marketing of produce justifies increased emphasis*. The relative failure of some public sector institutions in Africa in this respect justifies consideration of how aid resources can be used to improve this, in conjunction with increased use of the private sector.
- *It is right that integrated plans for rural development should cover multi-sectors but they should generally be used to generate single-sector and single-function projects*. These should be implemented individually according to the priorities in the overall plan. *There is a need for less complex projects*.
- *Emphasis should be given to improving the effectiveness and productivity of existing institutions rather than to creating new ones*.
- Project monitoring should include the *monitoring of the project's agricultural results*. Machinery should be established to enable effective feed-back from monitoring to project implementation. Monitoring should be oriented to producing useful results for management.
- The long-term nature of achieving smallholder development and building institutional capacity suggests *a greater use of phased programmes, covering a longer time-frame than the typical three-to-five-year project*.