

Rural Projects through Urban Eyes

An Interpretation of The World Bank's New-Style Rural Development Projects

Judith Tendler

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ABSTRACT

This paper is a suggested political economy of the Bank's new-style rural development projects. It attempts to describe some of the things that happen in the political environment of a project when governments, assisted by the Bank, redirect their public-sector services and subsidies to the rural poor. The nature of implementing agencies as political actors is also explored, including how their particular tasks contribute to the formation of their political character--infrastructure vs. agricultural extension vs. social services like health and education. The purpose of this exploration is to broaden our understanding of how the new rural projects have fared--to help explain successes as well as problems. The paper also suggests how the features of the political environment might be taken into account in the selection and design of future rural projects.

Certain aspects of rural poverty and projects are best brought out by contrasting them to urban poverty and projects. The urban-rural contrast serves as an organizing theme for the paper--not in order to compare urban and rural projects, but as a backdrop for making clearer the distinct features of the rural project landscape.

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SUMMARY AND CONCLUSIONS

i. The current attempts of the World Bank to address problems of poverty in the third world have taken the form, mainly, of certain kinds of projects directed at the poor of rural, as distinct from urban, areas. These "new-style" rural projects of the 1970s have resulted from a growing consensus that trickle-down approaches to poverty do not work or, at the least, that they do not work fast enough. Poverty and maldistribution of income, it has come to be believed, will not automatically give way--as implied by the development strategies of the 1950s and 1960s--in the course of economic growth. This evolution in thinking about the development process has brought with it a corresponding change in the kinds of projects favored and designed by the Bank. Whereas it had been previously assumed that the poor would benefit along with everyone else from roads, hydroelectric plants, ports, and irrigation projects, it is now believed by many that poverty can be alleviated only if some development projects are "targeted" directly on the poor. The idea of seeking out the poor directly through projects shares considerable similarity with the earlier and urban "War on Poverty" of the United States, as does the use of the language of war to describe these efforts.

ii. How did the change from a trickle-down strategy to one of direct engagement with the rural poor manifest itself in the design and selection of projects by the Bank? Briefly, the change took three forms. (1) Infra-structure projects, central to the trickle-down approach, were relegated to an inferior position because the distribution of their benefits was thought to be skewed toward the rich. (2) In contrast to infrastructure projects, agricultural projects were considered suitable for targeting on the rural poor; projects built around agricultural credit, extension, and input supply, it seemed, could be more easily converted into "targeted" projects, simply by specifying a ceiling on the income level of the beneficiary. (3) Finally, projects were changed to fit the new concern for the poor by adding "new" sectors like health, nutrition and potable water to the agricultural production projects. Though it would not necessarily be easy to exclude the nonpoor from the services provided by these "equity components," investments of this nature were still considered to have a greater potential for improving the income of the poor than, say, investments in roads and electrification. The equity sectors had received relatively little attention under the previous development-assistance strategy because investments in them had been considered as not contributing to a nation's exports or output.

iii. The new attempts to alleviate rural poverty through projects have met with a certain disappointment--somewhat similar in its prematurity to the negative pronouncements made about the U.S. poverty program. Unlike the U.S. case, fortunately, the current criticism of rural development projects has not been so sweeping as to cause these attempts to be abandoned--at least so far. Disappointment over the rural projects covers three areas: (1) they have reached the poor much less than was hoped; (2) they have taken longer to design, negotiate and execute than was expected; (3) they have had difficulty in building and leaving behind institutions that are able to function on their own and actually deliver services to the poor.

iv. Current explanations of the problems of the new rural projects fall into three broad and overlapping categories. (1) Technologies are said to be inappropriate, such as agricultural production packages that encourage the substitution of equipment for labor, or new crop varieties and planting practices that are not adopted because they do not pay off for poor farmers. (2) Organizational designs are said to be unsuitable for the task at hand--e.g., top-heavy and overcentralized organizations for projects that should be administratively decentralized, or inadequate incentives for field staffs to do their work. (3) The last category of explanations is the focus of this study, and involves considerations of political economy. It covers the political actions and reactions of groups affected by a project--included and excluded beneficiaries, participating and non-participating agencies, supplier and other private interest groups, local and central government elites, and other political actors with something to gain or lose from the project.

v. Actions or no action by the groups named above are singularly important to the implementation of the new rural projects, for three reasons. If successful, such projects will redistribute public-sector services and subsidies to the poor, and are therefore likely to arouse the opposition of the groups who think they have something to lose from this process. To a considerable extent, moreover, the new rural projects represent a move of the central government into previously "unoccupied" rural territory; the projects are therefore replete with implications for the balance of power between central and local elites, implications that will be played out in the implementation of the project.

vi. The support of projects by strong interest groups, finally, has been central to the successful execution of all projects, whether redistributive or not. This is one of the most important lessons to be learned from the Bank's experience with the infrastructure projects of the past, whose execution has been tenaciously supported by engineering design firms, equipment suppliers, construction contractors and, most important, political leaders. Supportive groups can also take the form of beneficiary organizations or strong agencies, as well as the private groups such as those behind infrastructure projects.

vii. Political-economy variables and their influence on development projects have received little attention, partly because project successes and failures have seemed to be satisfactorily explained by more obvious factors closer to the project itself--the quality of supervision and technical assistance, the presence of a committed project director, the availability of qualified construction contractors. In addition, "political" influence on project implementation has usually been assumed to be bad; it is frequently cited as causing corruption, misallocation of resources, or appropriation of project services by undeserving groups. Little attention has been paid to the positive effect that supportive and powerful political interests can have on projects--the most salient example being the infrastructure projects noted above. As long as political-economy influences were seen as only bad--rather than with a variable potential for bad or good--there was reason to try to exclude them from the world of projects and, by extension, not to consider them as a systematic feature, good or bad, in determining how projects turned out.

viii. The political-economy approach suggests, in sum, that there must have been a high degree of political commitment or interest-group support behind past projects that were successful. This study attempts to understand better the mechanisms that link such support, or lack of it, to implementation.

III

ix. When analyzed in political-economy terms, the new rural projects turn out to be wanting in two important dimensions: they do not attract supportive and powerful interest groups and, what is worse, they may actually provoke the displeasure of some of these groups--usually local elites. The absence of interest-group support, combined with opposition from some groups, goes a long way in explaining some of the problems of the new rural projects.

x. The political economy of the new rural projects is better understood by comparing them to urban projects for the poor, where the concept of "targeting" on the poor originated. Urban projects for the poor--the focus of the U.S. poverty program and of the Bank's urban development program--are distinct from rural projects in two significant ways. The urban poor, for one, live densely and separated from the urban rich. This makes it easier to target projects on them, simply by locating the projects in poor neighborhoods. The rural poor, in contrast, live mixed in with the rich; one cannot reach them simply by locating a project in a certain place. A particularly significant aspect of this distinction is that infrastructure projects, while eminently suited for targeting on the urban poor, have been declared unsuitable for reaching the rural poor, as noted above. Whereas urban infrastructure projects can be confined to poor city neighborhoods, that is, there are no such exclusive concentrations of the poor in the countryside. Yet infrastructure projects are those that attract political support the most, no matter who the beneficiaries are.

xi. The second main distinction between urban and rural projects for the poor is that urban projects involve mainly the physical quality of life of the poor--health, housing, streets, sewerage, light, water. Rural projects, in contrast, focus on the production activities of the rural poor in agriculture--credit, inputs, planting practices. Rural projects therefore invade the domain of the elites as landlords and employers of the rural poor--whereas urban projects do not. Indeed, to the extent that urban projects make for a healthier work force, they are to the benefit of the urban elites who are employers and producers. Because rural projects focus on the poor as agricultural producers rather than on their physical quality of life, moreover, these projects also invade the domain of rural elites in that they introduce competing clients for the subsidized goods and services already enjoyed by these elites as agricultural producers. Urban projects for the poor, in contrast, in no way threaten the access of urban-based producers to government services and subsidies.

xii. As currently conceived, in sum, rural projects for the poor turn out to be more politically radical than urban projects--even though, by concentrating on increasing the agricultural production of small farmers rather than on purely social objectives, they do not seem so. At the same time, the rural projects are particularly bereft of interest-group support: the new

beneficiaries, being poor, are not very powerful; and infrastructure, which is very rich in interest-group support, is not available for targeting in the countryside.

xiii. The political-economy problems of rural projects for the poor are not inevitable or insuperable. In part, they result from a borrowing of the concept of targeting from its more successful application in urban poverty projects and in war--and a grafting of that concept onto the agricultural production projects of the past. The grafting procedure did not bring out the best, from the point of view of interest-group support, in the environment of the new rural projects.

IV

xiv. If the problem of rural projects is that they have almost no interest group support and, at the same time, bring out the opposition of local elites, then perhaps their design can be modified with the purpose of decreasing opposition, or eliciting more interest on the part of powerful groups. Some of the advantages of urban projects, in other words, might be simulated in the rural projects--namely, the lack of strong disharmony between urban projects for the poor and urban elite interests, the physical separation of the poor from those elites who might otherwise appropriate project benefits and, a related feature, the appropriateness for urban targeting of infrastructure projects, with their coterie of powerful interest groups.

xv. The urban comparison suggests three ways in which one might improve the chances for rural projects to reach the poor: (1) by simulating the "targetability" of the urban poor--i.e., their physical concentration and isolation from the nonpoor; (2) by changing project designs in a way that causes less umbrage to the elites; and (3) by compensating for the lack of powerful and supportive interest groups behind project implementation.

xvi. There are certain ways in which the "targetability" of the urban poor might be simulated in rural projects. One would be to locate projects in areas where the rural poor are concentrated--that is, where there are less of the elites or, at least, of those elites who would have the most to lose from a project benefiting small cultivators. Projects might do better in those areas, for example, with unimodal rather than bimodal landholding distributions. Another place to find concentrations of the poor is in frontier areas of spontaneous colonization where, for lack of infrastructure and services, large landowners have not yet arrived. Such projects would be analagous in concept to urban "sites and services" projects. A final example of isolating the rural poor from the nonpoor for purposes of project design would be to limit a project's activities to those in which the rich have no interest--e.g., low-status crops--or to provide services in a way that is costly, inconvenient or uncomfortable for the rich to take advantage of.

xvii. Less opposition might be elicited from rural elites if projects represented less of an invasion of their territory as producers, employers and landlords. One way to achieve this, ironically, would be for projects to concentrate more on the social sectors--health, potable water, education--in

contrast to agricultural production. Social-sector projects represent less of an invasion of the domain of the elites than do production projects for the poor; their benefits, moreover, may be less readily appropriable by elites. Such a change, of course, would tend to take the new rural projects away from the output-oriented focus that is their hallmark and the source of much of their support--both within the Bank and from ministries of finance and planning.

xviii. Another approach to reducing elite opposition to rural projects would be to take the social-sector components out of the production projects altogether, and make them into separate projects. In this way, the social components would at least not be adversely affected by the opposition that the production components arouse. Another advantage of such a move away from multi-component projects would be a reduction of the inter-agency coordination that such projects require, which places an unnecessarily heavy burden on project implementation.

xix. Another way of reducing opposition to the new rural projects is to give the elites something of the project--in deliberate violation of the concept that such projects must benefit only the poor. Considerable caution would have to be exercised in buying off the opposition of elites in this way: the piece of the project given to them should be located far from the component meant for the poor. Otherwise, the attempted cooptation of the elites will simply put them in the position of eventually taking a much larger share of the project than was meant for them. In an agricultural credit project for the poor, for example, one might place a livestock-research component for the elites, administered by a different agency and not requiring coordination with the agency executing the component for the poor. A large-farmer credit line in a small-farmer credit project and administered out of the same bank, in contrast, would defeat the purpose. The latter approach, by the way, is the one usually taken when elite unhappiness about being excluded from an impending project is given in to.

xx. Making up for the lack of powerful groups behind project implementation is the most challenging of the political-economy problems. One approach is to provide a certain isolation to the agency or agency department executing the project. If the agency already services large-farmer clients, it will feel highly divided about taking on the poorer group. A separate agency or agency unit, in contrast, does not internalize within the executing agency the class conflict between employer and employee, peasant and landowner, small producer and large producer. The separateness of a project-executing agency or agency unit can provide an environment in which the agency itself becomes an important support group for the project--as happened with some of the urban poverty projects in the United States. This approach, it should be noted, may involve placing certain tasks in agencies where they do not normally belong; the credit-and-extension projects that were most successful in reaching the poor in Northeast Brazil, for example, were those run out of the nutrition agency which, unlike the extension agency, had no competing and previous clientele among the elites.

xxi. Another approach to generating support groups in the new rural project's environment is to imitate those interest-group configurations that have been important in the promotion of past agricultural projects--i.e., interest groups among the beneficiaries themselves. The new rural projects might bring incipient groups among the poor into project design and monitoring in a limited way. Note that the argument here is somewhat distinct from that which is made in favor of popular participation in projects: the role for groups of the poor in project design or monitoring proposed here is meant to legitimize and strengthen such groups so that they will later make demands, when the project starts to fall off course, that benefits not be diverted to others or that funding not be delayed. Project design, in other words, should encourage the growth of groups that will pressure from outside the project, whether or not they actually participate in it. Needless to say, a role for groups of poor beneficiaries would also improve the quality of project implementation by providing feedback from those whose participation is necessary to make projects work well--as, for example, in the case of adoption of new agricultural practices, inputs and varieties.

xxii. Finally, the grave dearth of supportive and powerful interest groups in the environment of the new rural projects suggests that infrastructure projects be given another look to see if, in some instances, they might be made more suitable for targeting on the rural poor. Though the new rural projects often include infrastructural components, these components are usually not conceived of in terms of how their impact on the poor might be increased. In some instances, then, certain locational and design choices might be made that would sharpen the focus of rural infrastructure projects on the poor.

I. INTRODUCTION

Styles of thinking about poverty

1.01 In trying to understand the implementation problems of the Bank's poverty-oriented or "new-style" rural development projects, I was drawn to look for lessons at an earlier, sustained attempt to make inroads on poverty--that of the Great Society programs of the United States in the 1960's. In some ways, the literature on this effort seems richer and more penetrating than that on the efforts of donors to deal with poverty in third-world countries. This difference results partly from the longer history of the U.S. efforts, and the greater time for participants and other observers to be reflective. In the literature on the U.S. programs, moreover, political scientists, sociologists and organization theorists tend to play a greater role. This contrasts with the predominance of economists in the thinking about rural development projects--or of technical specialists like engineers, agriculturalists, educators, physicians.

1.02 The literature on U.S. poverty and other government programs is replete with case studies and lessons drawn from them. The most respected scholarly efforts in the literature of development programs, in contrast, are devoted to macroeconomic questions about how economies grow and, more recently, to microeconomic questions about how poor individuals and households make decisions. This focus has also characterized the research sponsored by the Bank itself, despite the "project intensity" of its lending and the fact that the macro- and micro-economic matters noted above do not capture some of the most important aspects of project implementation. To the extent that writing about development projects has been done by technician-specialists, it has also ignored important interactions between projects and their environments. There is a political and institutional dimension to projects, in sum, that has been passed over because it was too institutional for the economists and too broad for the specialists.

1.03 The scholarly debates around the U.S. poverty programs have tended to have greater relevance to the design of projects than in the case of development programs. This more project-relevant thinking of the U.S. literature reflects, to an extent, the predominance of the non-economist social scientists. To the latter, executing agencies and project settings are more interesting, more academically respectable, and more determining of outcomes than they are to economists. The question of whether education in the U.S. made a difference to the earnings capacity of the poor is an example; an analagous question for rural development programs might be, "does agricultural extension make a difference in the growth of output and productivity?" Agricultural extension, that is, has been as central to the rural development projects as education was to the poverty program. The extension question, however, never possessed the academic respectability in development research that the education question held in the research on U.S. poverty.

1.04 The origin of the U.S. poverty program in domestic politics is another reason for the difference between it and the thinking about the third-world poor. The U.S. program represented a political victory of one side of the American political spectrum over the other; some scholars were attracted

to the program, therefore, for reasons of political sympathy. The commitment of the donor world to problems of third-world poverty, in contrast, came out of a seeming consensus by economists that the trickle-down approach did not work. Even for those who disapproved of projects for the poor, the objection tended to be of a "technical" rather than a political nature: the new projects were "hard to do" and would not "work well." Those who did disagree on political grounds, moreover, also tended to couch their disagreement in technical terms. Few objected out loud, in contrast to the U.S. case, to "helping the poor." The less politicized setting of the donor-world's transition to concern for the poor--one side was not winning a battle against a strong and contrary other side--made it easier not to notice the importance of political and institutional analysis in the evaluation of rural development projects.

Thinking about poverty without growth

1.05 The interest of development economists in mainly macroeconomic issues was not only a function of the economist's traditional discomfort with institutional and political events. Programs for the third-world poor, in addition, have been closely bound to concerns about economic growth--a subject that has long been of great interest to economists. Growth is seen as more crucial to third-world fortunes than how projects work themselves out--even though the two subjects are the two sides of a coin, especially where state-sponsored projects play an important role in growth strategies.

1.06 The U.S. poverty program had the luxury of being able to think about poverty without worrying about growth--a point I return to momentarily. This left more room and more prestige for scholars interested in exploring the workings of projects and programs. In the case of development assistance, in contrast, growth concerns set the stage for thinking about third-world poverty and called for the assistance, first, of economists. By their very presence on the scene in numbers, the economists tended to set the tone of how the new, poverty-oriented programs were thought about. This left little room for other kinds of social science analysis--or, at least, left little possibility that other kinds of social science analysis would be deemed important. Partly in reflection of this incomplete representation of the social sciences in the thinking about the new rural projects, the literature on these efforts is almost mute about some of their most important political and institutional features--features that help to locate the causes of many of the implementation problems of the new rural projects today.

1.07 The U.S. poverty program and the Bank's programs for the third-world poor were based on a similar "discovery" about the causes of poverty and how to deal with it. Namely, poverty was decided to be a structural phenomenon, which would not disappear by itself in the course of economic or political growth. Despite these similar conceptions, the U.S. and donor approaches to it were markedly different. In the U.S., controversy over poverty programs centered on the difficulty of their execution and on whether they would have any impact on poverty. No one felt it was necessary--in order to justify any particular U.S. poverty project--to posit a direct and quantifiable relation between the

project and the growth of an area's output. Indeed, the area development approach to rural poverty--the hallmark of the Bank's new rural projects--was rejected by the architects of the U.S. program specifically on the grounds that it contributed "only" to growth. Though the area development approach had proven itself to be an instrument for achieving regional growth in the U.S., it was said, it was not suitable for reaching the poor because such programs invariably ended up benefiting only the elites (Levine 1970).

1.08 All this is not to say that there was no production-oriented thinking in the intellectual foundations of the U.S. poverty program. To the contrary, the then-recent development of human-capital theory in economics provided a strong productivity rationale for those who wanted to invest in the education, training and health of the poor. Such investment, the theory said, would lead to increased productivity and, hence, increased earnings and output. No one required that these productivity results be demonstrated project by project, however, with rate-of-return analyses beforehand and verifiable results immediately after.

1.09 Unlike the U.S. case, the thinking about third-world poverty linked poverty-oriented approaches closely to output-increasing goals. The new rural projects of the Bank could not afford the luxury of worrying exclusively about poverty while letting somebody else take care of growth--or letting it take care of itself. Thus it was that a question of central importance to the thinking about third-world poverty was hardly of concern to the U.S. program: would the pursuit of equity compromise growth? This question gave rise to a considerable literature about the conditions under which poverty-oriented interventions in third-world countries would or would not compromise growth. The usual assumptions that such policies did compromise growth had never, until then, been subject to this kind of scrutiny; the assumption, after all, had not been inconsistent with the previously output-oriented approach to development assistance, and thus had not deprived program designers of justifications for what they wanted to do. The new desire of the development-assistance world to attack poverty directly, then, created the task of demonstrating that some poverty-oriented interventions did not compromise growth and, indeed, might even contribute to it.

1.10 The move toward projects for the poor in the development field required a justification that did not represent a complete break with past thinking. Programs for the third-world poor, therefore, were conceived of as modified versions of growth policies--alternative ways of pursuing growth that were not as income-concentrating as the strategies of the past. They were called "equity-oriented growth strategies," not "poverty programs;" they were called "new-style" projects, not "poverty projects."

1.11 The difference between the U.S. and development-assistance programs for the poor was not just a semantic distaste for the use of the word "poverty" and its connotations of "handoutism." The new-style projects themselves were not a radical departure from the Bank's old way of doing things. The Bank's policy paper on the new-style rural projects took pains to describe them as variations on its old-style agricultural projects, with their output-increasing

orientation; the new projects were to expand upon the old ones by bringing in poorer beneficiaries and by including more specifically "poor-focused" investments in sectors like health and potable water (IBRD 1974). While the new rural projects would be "designed to benefit large numbers of the rural poor," the policy paper said, they would still have to earn "an economic rate of return at least equal to the opportunity cost of capital."

Turning equity-oriented growth into projects

1.12 The coupling of poverty programs to growth concerns in the development world, though with good reason, has been somewhat of a constraint on the thinking about the new rural projects. Much intellectual effort was invested in the attempt to show that poverty interventions could contribute to the growth of output--and in the refinement of project-appraisal techniques that might capture this contribution. Efficiency arguments were painstakingly sought and elaborated for interventions that possessed only equity justifications in the past--or had been assumed to actually interfere with efficiency. The large recent literature on the efficiency of small-farm production is a case in point, a literature that has provided an efficiency justification even for agrarian reform, one of the most politically extreme equity interventions.

1.13 Many of the economists who contributed to the searches for efficiency in equity-oriented programs were attracted to the endeavor out of sympathy for policies of income redistribution--just as certain program designers and analysts were attracted to the policies of the U.S. poverty program. Others were attracted by the new challenge of applying growth analysis to an area toward which policy interest was obviously moving. In addition to their contributions to the literature, these economists advanced the "cause" of poverty-oriented programs by making them more palatable to those who were skeptical. The output-increasing justification for the equity-oriented projects also helped reduce the salience of some of the redistributive implications of the new projects, a point I return to later.

1.14 To a certain extent, the groundbreaking work by economists in discovering output-increasing impacts for equity-oriented projects forged a certain dependence of equity interventions on efficiency justifications. The notion was reinforced, that is, that equity-oriented interventions were justifiable only when they could be proven, in standard and quantifiable terms, to result in increased output. This would make it even harder to justify equity interventions that might be best defended on the grounds of equity alone--or that had impacts on output which defied measurement. Ironically, then, the quest for economic respectability for equity-oriented projects resulted in a certain stifling of thinking about new-style projects--as well as in making these projects more palatable.

1.15 Some sympathetic critics of the U.S. effort to diminish poverty in the 1960s have lamented the "technological bias" of the justifications for these programs in a way that is somewhat similar to the discussion of the output-increasing approach to new-style projects here. These critics of the

U.S. program felt that poverty was inaccurately presented as a problem with technical solutions--more education, more housing, etc. This set up an easy justification for the premature abandonment of the programs in the 1970s, these critics say, when the "technical fix" failed to work. With respect to education, for example, the cause of equal education was felt to be irreparably damaged by the fact that it was advanced in output-increasing terms rather than equity terms; increased education, that is, had been argued for on the grounds that it would lead to improved earnings, rather than that it was something that all persons had a right to.^{1/}

1.16 The increased-earnings justification for investment in the education of the poor must have seemed like a perfectly reasonable way of gaining political support; it would convince more people than would an argument based simply on equity grounds. Similarly in the development world, justifying an investment in the rural poor on the grounds that small farmers produced at least as much per acre as large ones brought more adherents to the cause of redistributing public investment and services to the rural poor than did the equity argument alone. When U.S. social scientists found, to everyone's surprise, that it was difficult to prove the direct link between education and earnings--the famous Coleman and Jencks studies--this was said to have drawn the rug out from under much of the support for compensatory education programs.

1.17 Commenting on this history, one disappointed observer suggested that the Supreme Court's use of the increased-earnings justification in its landmark 1954 decision on school desegregation ended up being a disservice to the cause of equal education.^{2/} According to this view, the argument should have been made solely on equity grounds--i.e., that the poor should be schooled because it was their right. The latter reasoning, it was said, was not vulnerable to a later challenge and undoing on "factual" grounds. One can imagine how a reversal in the results of studies on farm size and efficiency could lead to the same kind of setback for the new rural projects as did the Coleman-Jencks studies for education of the poor.

1.18 There are other reasons why the output-increasing way of thinking about the new rural projects can be problematic. For one, this preoccupation may prevent more investment from being made in certain sectors or projects

^{1/} Berman (1978) and Aaron (1976) report this criticism. It is interesting that another sympathetic observer has made just the opposite analysis of the disillusionment with the U.S. poverty programs. Hirshman (1979) argues that this disillusionment was unwarranted, and was based on a structural view of poverty by the right as well as the left. The left dismissed any real advances made by these programs, he says, on the grounds that they did not disrupt the basic structural causes of maldistribution of income. The right, in turn, pounced on the limited achievements of the programs as proof that poverty was not amenable to government solutions at all.

^{2/} As cited in Aaron (1976).

that, as I will suggest below, are better suited under certain conditions for targeting on the poor. Reaching the poor may be easier to accomplish in certain projects, it will also be argued, partly because these projects will elicit less opposition from elites than will other projects. The output-increasing frame of mind, in addition, may keep project designers from perceiving the kinds of political commitments and strengths that are necessary to keep a project on path once it starts to succeed in redistributing public-sector services to the poor. In contrast to the usual case where the donor wants to insulate a project from politics, the new rural projects represent a case where the donor may want to protect the project from the absence of politics--or, at least, of a certain supportive form of it.

1.19 The output preoccupation behind the new rural projects is also problematic because it requires that the project beneficiary be identified as a farmer-producer rather than as a wage worker in somebody else's enterprise. Project strategy is to improve the income of the poor by improving the circumstances of their own agricultural production--as owners or tenants. This working definition of the rural poor creates somewhat of a double bind. The lower one goes in the rural income distribution the less the share of a poor family's income that is derived from its own agricultural production. Even if one succeeds in reaching the poor with the services of this kind of project, then, one may still have little impact on their income. If a project is to have an impact on the income of the rural poor through their own agricultural production, in other words, then it may have to work with the less poor. This dilemma explains, in part, why the subsidized agricultural production services of the new projects frequently end up benefiting a less poor group than was intended.^{1/}

1.20 These observations are somewhat similar to the radical critique of rural development projects, but with the outcome traced back to different causes. The radical critique says that the inconsistency in attempting to reach the genuine poor as producer-farmers is a preordained one, reflecting the fact that the real objective of such projects is to reach and create an upper-peasant or kulak class.^{2/} The kulak class, it is expected, will serve as a political buffer against the mobilization of the more numerous, poorest, and proletarianized poor. According to this explanation, then, the new rural projects do not reach the real poor because they don't really mean to. I am

^{1/} See, e.g., IBRD (1978, 1979a). The Bank's evaluation of 18 rural development projects in sub-Saharan Africa (1976a) also commented on the assumption in project appraisal reports "that there was no differentiation or stratification among the rural poor..." (p. 13). It was the relatively better off farmers and village families, the evaluation reported, who tended to participate more in the projects reviewed.

^{2/} For the most sophisticated and comprehensive statement of this critique, and a bibliography of its literature, see de Janvry (1982).

arguing, instead, that the output-increasing context of these interventions obscures the problems involved in approaching the poor this way; it makes it harder for donor organizations to understand why their projects are having less impact on rural poverty than they are supposed to--or why they are experiencing slow implementation.

1.21 Up to this point, this explanation of the problem of project benefits going to the less poor is not necessarily inconsistent with that of the radical critique. But if the current problems with the new projects result in learning by donors that the production approach has serious drawbacks, the use of this approach will have represented a first, "safe" step toward a more vigorous and direct grappling with rural poverty. If this turns out to be the case, my explanation and that of the radical critique would turn out to be mutually exclusive.

1.22 The habit of justifying equity approaches on efficiency grounds has also created a particular dilemma for the new rural projects. Economic rates of return in the Bank's rural projects tend to be highest for directly productive activities--mainly, investments in irrigation, livestock, or perennial crops. Returns are lower, as currently calculated, for social and production services such as agricultural extension, input-supply facilities, or potable water. The directly productive projects, however, have also turned out to have the most income-concentrating benefit distributions--a characteristic that makes them less desirable candidates for the poor.^{1/}

1.23 Along with their lower rates of return, the social and production services tend to produce more desirable benefit-distribution patterns; in some cases, moreover, they are better suited for focusing on the poor, a point I return to later. The output increases that do result from social and production services, in comparison to those of directly productive interventions, are notoriously difficult to measure; once measured, it is difficult to prove the causal relationship between them and the project. Thus the Bank's dilemma of high-return, income-concentrating projects vs. low-return, redistributive ones is, in part, an artifact of the project justification criterion used--identifiable and measurable increases in output that occur within the project's life span. Trying so rigorously to show that growth and equity pursuits were not incompatible, then, has put the donors in the position of failing to pass their own test; the accepted form of proof, that is, did not take well to the new activity and its benefits.

^{1/} See, most recently, IBRD (1979a). Evaluations of the Mexican PIDER project reported that irrigation also tends to accentuate income disparities between areas with and without irrigation, partly because the irrigation investment attracts other public-sector investments, such as for tree crops (IBRD 1979a, p. 57).

1.24 In a certain sense, the design of the Bank's new rural projects attempts to compensate for the dilemma posed above. Because benefits of equity interventions have proven so difficult to trace or measure, they have in some cases been given up on in project justifications--as has happened for rural potable water and health. How could this type of proof have been abandoned, if output-increasing justifications were required in order for projects to pass muster? The dilemma could be resolved by adding an output-increasing activity to the social production project. The new activity, with readily quantifiable output increases, was made the centerpiece of the project; this center activity would provide the rate of return to the project, while the more exclusively equity intervention and its scrambled benefit display could now be safely treated qualitatively, as "gravy." This is exactly how the justifications of many of the new rural projects look and sound. They are old-style agricultural projects at their core, as noted above, with accretions of new-style beneficiaries and new-style sectors like health, nutrition or potable water.

1.25 The building of new-style additions onto old projects is one way of introducing otherwise drastic change into a large organization used to doing things in certain ways. At the same time, it will be shown, this approach has created certain problems for implementation. The habit of designing projects with standard efficiency justifications and quantifications in mind, in sum, results in project implementation paths that are sometimes more encumbered than need be. It is not, then, that new-style projects are unsuccessful. It is, rather, that they were not free to be designed to work well simply as projects, or to focus their impact as best as possible on the poor.

Pursuing equity in urban and rural settings

1.26 One of the most significant differences between the U.S. poverty program and the Bank's new rural projects, of course, is that the one program was mainly urban and the other, rural. The differences between urban and rural poverty contribute in themselves to a marked difference in the policy responses to each form of poverty, and the way projects are designed and implemented. A comparison between the two helps to clarify certain aspects of the rural projects and their problems, and provides clues as to how these projects might be improved. The most telling way to display the differences between the urban and rural projects is to compare the Bank's new rural projects to its own, new-style urban projects.

1.27 In both the U.S. and third-world cases, projects for the urban poor are based on strong implicit equity justifications. Rural projects for the poor, in contrast, rely on production-increasing justifications. The urban poor will receive sewers, houses, lighting, streets and schools because they have a "right" to receive a share of the public goods and services already being supplied to the city's nonpoor. Rural projects, of course, also supply goods and services to the poor that have been available in the past only to the elites--subsidized agricultural credit, extension services, subsidized inputs. But the justification in the rural case is not that the poor have the right to get what is already available to the nonpoor; it is, rather, that if the poor get access to these goods and services, their production will increase.

1.28 One reason for the equity-production difference between the new urban and rural projects is that the urban setting does not include much scope for directly increasing the production of the poor, whereas the rural setting does.^{1/} This means that, in the rural case, the efficiency concern actually determined what kinds of projects were chosen and how they were designed-- simply because the possibility of helping the poor and increasing production at the same time seemed to be within reach. Though project components with mainly equity justifications may be included in a rural project, then, the benefits of such interventions are usually considered to be above and beyond the output increases basic to rate-of-return-calculations, as noted above. Even the rural interventions with strong equity justifications--like land titling programs, credit for purchase of land by small farmers, and agrarian reform--are pictured in output-increasing terms; they are deemed necessary in order to proceed with the business of increasing agricultural production.

1.29 The new-style urban projects and rural-project components are not totally bereft of efficiency justifications. To the contrary, as noted above, the theory that investment in human capital leads to increased productivity and longer productive lives provides an important "efficiency" underpinning to such projects. Justifications of the Bank's water-supply and other urban projects have, until recently, posited a rate of economic return based on expected increases in worker productivity and beneficiary earnings resulting from reduced absenteeism and longer lives. Perhaps even more important as an "output" justification for the new urban projects has been the projection of increased land value resulting from the provision of water, sewerage, electricity and streets to poor areas previously without them.

1.30 The projections of increased worker productivity and land values for urban projects are more speculative than the projected agricultural output increases underlying the rates of return of the rural projects. Though the output increases projected in the agricultural projects have often turned out to be unrealistic, it is at least possible to go back and check, after the project is done, whether these increases have indeed occurred. This is not possible, of course, for projected increases in life expectancy and earnings-- though it is for increases in land value. The Bank is gradually abandoning the projections of increased productivity resulting from urban projects because of the speculative nature of the calculation and the impossibility of separating

^{1/} The recent receptivity in the Bank to informal-sector projects is indicative, in part, of the interest in showing that new-style urban projects can contribute to direct increases in output. Because informal-sector projects offer credit and technical assistance to poor urban producers, that is, they provide a rare opportunity to assist the urban poor as producers, and thus to have a direct impact on production--or, at the least, to claim one.

out the role of the project from other contributors to improved health.^{1/} The urban projects department, as discussed momentarily, is less willing to abandon this line of analysis than the infrastructure departments. Efficiency justifications, then, have been an important aspect of the way the new urban projects are thought about at the Bank; at the same time, however, they have been less determining of the way these projects get designed in comparison to the rural case.

1.31 The greater freedom of urban project designers from output-directed thinking has not meant that the new urban projects had an easier going through the Bank's approval mechanisms. The new-style moves in urban projects have had to be defended within the Bank from criticism that they were "soft" and bordered on "handoutism"--even though the projects resulted from a high-level policy directive to reach out directly to the urban poor. This criticism probably explains why the urban projects department, the seedbed of the new-style urban projects, still preserves the economic rate-of-return analysis for water-supply and other project components. The traditional water supply department, in contrast, could afford to abandon the analysis some time ago because of its admittedly doubtful validity; indeed, the inclusion in an urban project's rate of return of increased land value resulting from urbanization was never even resorted to by the water department. This department, in other words, could fall back on a general consensus that water-supply projects are fine, just so long as they are cost-effective--the cheapest possible way, that is, of doing an agreed-upon job. The urban projects department, in contrast, could not count on such a tacit consensus about the desirability of urban projects for the poor, which would have allowed it also to proceed directly to the most cost-effective way of doing the job.

1.32 The designers of the new urban projects have viewed the task of their rural counterparts in the Bank as less constrained, as having it "made" with an obvious production-increasing justification for their projects. This perception is accurate, in the sense that production-increasing projects do make their way more easily through approval mechanisms at the Bank, and attract more support from finance ministries interested in immediate and measurable additions to output. Whereas the rural projects have an easier time "selling" themselves because of their obvious link to production, however, the way this production link gets built into projects has made them more difficult going than the urban projects once they get started. The production focus of the rural projects, in sum, has cut both ways. It has reduced the room that project designers have to move in and, at the same time, has attracted approval and funding.

^{1/} The increased-productivity justification has also been criticized as being somewhat irrelevant for the poor of third-world cities, where the chances of filling up one's longer life with remunerated employment are not that great.

II. PROJECTS FOR THE POOR IN CITIES AND COUNTRYSIDES

2.01 The last section showed how the designers of the new rural projects are at less liberty to devise projects that do not increase output directly and measurably--as in the areas of health, nutrition, potable water, education, land credit, land titling. This section will suggest that the rural setting offers less opportunity than the urban one to do things for the poor--at least in terms of how Bank projects are usually defined. That the urban poor live concentrated and in cities, in brief, creates compelling political and economic reasons to do projects for them. Such attractions do not exist in the countryside; indeed, the same economic and political factors that work for poor-oriented projects in cities often work against them in rural environments. An understanding of this smoother going of the new urban projects helps illuminate the implementation problems of the rural ones.

The externalities of poor urban living

2.02 The urban poor are, most often, physically concentrated in a city, in a place that is separate from the nonpoor.^{1/} This means that a service or investment provided to one area where the poor live will, by definition, benefit only the poor--a paved street, household electricity, drinking water, sewers, a bank branch, a school, a health clinic, housing. This is in distinct contrast to the rural poor, who live dispersed over large areas, and mixed in with the nonpoor. Correspondingly, one of the characteristic problems of projects for the rural poor is to keep their benefits from being appropriated by the nonpoor. This problem will receive considerable attention in the following discussion.

2.03 Dense agglomerations of the poor in cities also help the cause of poor-focused urban projects because they impose costs on the rest of the city. Poor urban areas are seen by the nonpoor as a blight on the quality of city life--a breeding ground for contagious disease, crime, drug traffic, and disruptive politics by the discontented. The rural poor and their dwelling places, in contrast, inspire no such fear or loathing. They are not ugly, they do not ruin the view; if anything, they are looked upon as bucolic. Poor people living together in cities, finally, are more likely to be looked upon as a conspicuous sign of a country's failure to deal with its poverty than are the rural poor. To a certain extent, then, doing something for the urban poor signifies a vindication of "national dignity" in a way that projects for the rural poor do not.

^{1/} This is more strictly true of poor neighborhoods in U.S. cities than third-world cities. Shortages of urban middle-class housing are common in the latter cities, resulting in many members of the urban middle class living below their means in poor neighborhoods and squatter settlements.

2.04 The distaste that citydwellers have for their poor neighborhoods makes them not averse, at the least, to "doing something" about the problem. The wellbeing of the nonpoor will be improved, in their eyes, by "cleaning up" the poor neighborhoods--housing will help buy off the discontented, sewers and potable water will lessen the spread of disease, urbanization will make poor areas less of an eyesore; a better-off poor, it is hoped, will mean less street crime. To the extent that projects in poor urban areas are perceived by the nonpoor as leading to a better city, in other words, there will be potential support for them. Or, at the least, they will be tolerated. It is ironic that those aspects of urban poverty that are considered among the most reprehensible of a society's ills--the ghettoization of the urban poor--also turn out to give a certain advantage to urban projects over rural ones. ^{1/} For the nonpoor of the countryside, there is no analogue to these urban advantages; the poverty of the rural poor imposes no such costs on those with power.

2.05 If the nonpoor perceive their cities as choosing to invest in poor neighborhoods rather than their own, of course, they may oppose the projects for poor neighborhoods, or divert them. In this sense, the new urban projects can arouse opposition from the elites. As city residents, the elites will resist less attention being paid to their sewers, streets, water and electricity. As urban producer-employers, however, these same elites might well be favorably disposed toward improving the living conditions of the poor--a point that is discussed further below. Since the elites do not always express the interest-group power as residents of third-world cities that they do as producers, they may react weakly to any project implications that their share of urban services will be less. With respect to the new rural projects, in contrast, the elites are likely to perceive their interests as producers as being hurt rather than helped by the project, as discussed further below; their interests as residents do not enter the picture since rural projects do not transfer resources from the residential surroundings of the rich to those of the poor.

2.06 The spatial separation of the poor from the nonpoor in cities also makes for easier monitoring and evaluation of the goal of providing project outputs to the poor. In rural projects, the poor are identified by their income levels or assetholdings--the most commonly-used proxy for such identification being farm size. This way of identifying project beneficiaries for monitoring purposes is quite cumbersome, making it difficult to determine

^{1/} The support of nonpoor citydwellers for poor-focused projects, and its grounding in loathing, can also work to the detriment of the poor. The most obvious examples are programs of complete removal of the poor to somewhere else that is out of sight--as dramatically illustrated by the policy of the city of Rio de Janeiro in the 1970s of burning and bulldozing the squatter settlements in its upper-class zone. (This story is told in Perlman 1976.) Nonpoor support for investment in the urban poor, then, will not always take desirable forms.

what share of the project's outputs is actually reaching the poor.^{1/} In urban projects, one can use a proxy measure for identifying the poor that is simpler and more powerful--i.e., where they are, rather than what they possess or earn. One can find out roughly whether urban project outputs are reaching the poor, that is, by finding where the services are located, without having to survey who the beneficiaries are.^{2/} The measure may be crude, but it is more workable than keeping tabs on project beneficiaries and their incomes.

2.07 The separation of the poor from the nonpoor in cities also makes it more difficult for elites to muscle in on the benefits of poor-focused projects--a problem of considerable importance in the rural projects. There are two mechanisms by which the elites can end up with more project benefits than was intended. One is characteristic of infrastructure or "public-goods" projects, like roads, whereby the rich benefit more because their larger income and assets allow them to take greater advantage of the facility, and not because their use of the facility causes less of it to be left for the poor. The second mechanism characterizes project outputs that are not public goods--in the rural case, outputs such as irrigation water, subsidized agricultural credit, extension-worker time, and other subsidized inputs. The services of these latter projects can be monopolized by one group, leaving less left over for the rest. In this latter type of rural project, the elite groups can move in because of their power to break rules and because of patronage obligations to them by government technicians at the local level.

2.08 In principle, the urban rich should be able to locate themselves so as to take advantage of subsidized project outputs anywhere in a city, using influence as they do in rural areas to get around any limitation on the use of these facilities to the poor. In urban projects, however, there is strong reason for the elites not to do this. Being in a poor neighborhood--living there, banking there, using health clinics or sending one's children to schools there--is experienced as unpleasant. To locate a bank branch in a poor neighborhood, then, will be more effective as a way of keeping the rich away from the credit, than will be a loan-size ceiling on agricultural credit in a rural bank.

^{1/} An example is the Bank's attempt to discover the beneficiaries of its rural credit projects. Loan size has been taken for some time as a proxy for low income; but medium and large farms have been found to take many small loans, sometimes accounting for a significant share of them. Farm size has also been taken as a proxy for income, but larger farmers usually have several pieces of property, as well as other income-earning activities.

^{2/} In the U.S. Model Cities program, the "performance" of local governments in redirecting their expenditures to the poor was monitored by identifying the census tracts where the sewers, streets, and housing were going.

2.09 Urban elites, in sum, are less likely to appropriate the benefits of poverty-focused projects because they live and work at a good distance--and want to stay that way--from where the projects are taking place. This mechanism for keeping the elites away is not available to rural projects, because the rich and the poor live mixed together. To the extent that the rural poor do happen to live in a different place from the nonpoor, the rural projects and their environments still do not require that the elites get so uncomfortably close to the poor in order to get a share of project output. An extension worker will come to the large farmer's ranch; credit and other project services can be obtained in the local town, which is rarely a domain of the poor. In rural areas, finally, differences in living styles between poor and nonpoor are not so marked as in cities; being close to country poor and their surroundings is not as jarring as it is in cities.

Infrastructure and the poor: focused or diffuse?

2.10 The spatial concentration of the urban poor turns infrastructure projects into excellent candidates for "targeting" on the poor in urban settings. A project for streets and electricity in a poor neighborhood, for example, will benefit mainly the poor who live there. In the countryside, these same projects are transformed into non-focused and "trickle-down" undertakings, which tend to reinforce the existing distribution of wealth, if not to concentrate it even more. Whereas the rural middle and upper classes are physically situated so as to reap the benefits of any investments in their area, the urban upper classes are located in a different place from where the targeted projects are taking place. Thus it is that rural roads and electrification have recently come to be looked upon as being badly qualified for focusing on the rural poor. Infrastructure projects, of course, are reputed to have significant indirect benefits for the poor, mainly through increased employment opportunities. The extent of the impact, however, is difficult to predict, measure, or control. The designers of poor-focused rural programs have therefore searched for more compelling links between their projects and the poor.

2.11 Even when urban infrastructure projects are citywide, there are obvious steps that can be taken to increase their impact on the poor--increasing the share of the investment that goes to poor neighborhoods or, in the case of city transport, designing a system so that the poor can travel to and from their work places.^{1/} Because the rural poor are not spatially concentrated and

^{1/} Mass transit investment, even though not confined to poor neighborhoods, has good potential for targeting on the poor. If a mass-transit system is designed to carry poor people to and from their work, the urban upper classes will tend to keep away from the facility for the same reasons that they avoid poor neighborhoods--because the vehicles are filled with lower-class people. In order not to brush with the poor, the elites will use alternative forms of transportation, like private cars or taxis, that also require more expenditure on their part. Their distaste for the poor, in other words, helps to concentrate the benefits of the project even more closely on the poor.

separate from the nonpoor, there are no such clear-cut ways in which infrastructure projects can be redesigned, or investments resituated, as to increase their impact on the poor. The resulting unsuitability of infrastructure investments for the new rural projects has serious implications.

2.12 The externalities resulting from the density of poor urban living include more than the ability to focus projects better on the poor, keep elites away, and generate some tolerance for poor-focused projects among them. People living close together need sewers, electricity, potable water, streets and transport much more than people living dispersed in the countryside. Their living together without such facilities creates serious costs to others, as well as to the poor themselves. Dense living, in other words, makes certain infrastructure investments in cities both desirable and economic. There is less urgency about providing sewers, potable water, electricity and access roads to the lower-density rural populations. Even when economic desirability can be demonstrated, the cost of building such facilities--in per-unit or per-beneficiary terms--is greater than in urban areas because of the wider spaces over which rural populations are spread.

2.13 Because of urban population densities, many infrastructure projects also hold the possibility for recapturing investment costs through user charges or taxes--as in the case of electricity, water, sewerage, and urbanization by the granting of land titles. The chances for such recapture are slimmer in less densely populated areas, where user charges would have to be prohibitively high if they were to cover the higher unit costs of investment. When infrastructure facilities that can charge full costs in urban settings are built in the countryside, therefore, they must typically subsidize user costs, at least during their early years.^{1/} The spatial concentration of the urban poor, in sum, gives rise to a felt need for certain kinds of projects--namely, infrastructure projects that require urban levels of population density to be economic or self-financing.

2.14 That some infrastructure projects allow user charges offers the executing agency the possibility of independence from the central-government budget. This possibility results in greater predictability and control for the donor agency during project implementation, as well as for the executing agency.^{2/} Though a project-executing agency earns no revenues during

^{1/} For the electrification case, see IBRD (1975a).

^{2/} The importance to executing agencies of financial independence from the central government was illustrated by the refusal of an executing agency to finance a monitoring-evaluation unit, as desired by the Bank, out of its budget. The agency was a semi-autonomous agricultural bank, which had made considerable effort to finance all its current expenses out of the income earned on its loan portfolios, giving it a highly valued autonomy from "political interference." The Bank-proposed monitoring unit, the agency felt, would cause its current costs to exceed the portfolio income, thus making the agency dependent on central-government subsidy.

construction, that is, it nevertheless expects the post-construction phase to be one of transition from dependence on the Bank to dependence on its own income--perhaps with some transitional help from the central government.^{1/} This contrasts sharply with most agencies involved in the new rural projects, where infrastructure is not important. These non-revenue-earning agencies see themselves as financially beholden first, but temporarily, to the donor--and later, permanently, to the central government. The revenue-earning agency, therefore, has good reason to be more responsive to the donor during implementation than to the central government. The agency with no prospect of its own income, in contrast, will have to be more responsive to the central government than to the donor, because the central government is where its longer-term future lies. Or, at the least, such an agency will feel torn about conflicting desires expressed by the donor and the central government.^{2/} Since disagreement between the donor and the central government often occurs during project implementation, the greater future independence of the revenue-earning agency--and its immediate dependence on the donor--make it more likely that this agency will be able to side with the donor when it wants to. This means that the responses to the donor of an agency with a self-sufficient future will be more predictable and, therefore, seeming to be within greater control.^{3/} For these reasons, in part, donors do particularly well at and feel more comfortable with revenue-earning infrastructure projects.^{4/}

^{1/} Though agencies and the Bank may expect financial self-sufficiency to be achieved by a certain time, this is not always the case. A review of Bank projects completed in 1977 (IBRD 1978b) reported that financial self-sufficiency was attained by no more than 55% of the projects involving electric power, telecommunications, ports, railways and water supply.

^{2/} A Bank review of 109 projects audited in 1977 (IBRD 1978b) reported that differences between the Bank and the borrower were greatest in the area of "institutional change and development." It was in this area that standards of performance sought by the Bank were most frequently not achieved or not supported by the borrower (p. 8).

^{3/} Also providing predictability and control is the fact that infrastructure projects are technology-intensive, depending more than other projects on the working of machines, as opposed to people and organizations. As one Bank staff member said in referring to the implementation problems of rural projects, "Where you've got people, you've got problems!"

^{4/} Cornelius (1973) suggests that the greater ability to recoup costs on certain kinds of projects explains the Mexican government's better performance in providing land titling and urbanization services to Mexico City's poor than in providing housing. Urbanization and land titling for squatter settlements, that is, brought land into the city's tax base that was previously excluded, whereas the political and financial returns from investment in housing for the urban poor were "much more questionable" (p. 222).

2.15 The density and isolation of the poor in cities, then, creates the need for certain projects that are highly apt for targeting on the poor and, at the same time, are attractive to donors. In rural areas, in contrast, these same infrastructure projects seem to represent the worst of all worlds. They have no chance of financial self-sufficiency; they are costly per-user served or per-unit of facility produced; their benefits are reaped at least as much by the rich as by the poor; and they cannot fall back--like the urban projects can--on the support of an implicit equity justification. The spatial dispersion of the rural poor, in other words, limits markedly the possible choices of projects for them.

2.16 The concentrated benefit distributions of projects producing public goods in rural areas, in sum, causes infrastructure to be looked at as inappropriate for direct targeting on the rural poor. Other types of projects in rural settings also face similar problems because of the monopolizability by elites of their outputs. In cities, these problems exist, if at all, in milder form. The spatial concentration and separation of the urban poor not only transform infrastructure projects from "trickle-down" in rural settings to poor-focused in urban settings; these qualities give a potential for keeping out the rich to all types of projects located in poor urban neighborhoods. It may seem strange to portray the urban rich as even wanting to appropriate the benefits of anything happening in a poor neighborhood. Since this kind of appropriation is a major problem for the rural projects, however, its "natural" absence in urban projects is worth noting.

Infrastructure: disqualified, desirable, and corrupt

2.17 The disqualification of infrastructure projects for focusing on the rural poor represents a serious constraint because such projects are among those that donor agencies do and like best. Infrastructure construction, in addition to the qualities noted above, allows a relatively smooth and rapid disbursement of large amounts of funding. Contributing to these more rapid flows and smoother implementations is the pressure of powerful interest groups in both recipient and donor countries--equipment manufacturers, engineering design and construction firms, and building and equipment contractors. The absence of such supportive interest groups from the scene of other types of projects may be a contributing factor when disbursement is slow--as in the case of the rural projects.

2.18 The gravitation of interest groups toward infrastructure projects often goes along with corruption and graft. Actually, corruption and the use of influence to get around project directives are naturally present in most project environments. The net effect of graft on the implementation of infrastructure projects, however, may be less deleterious than in the case of other types of projects--at least during project appraisal and construction, which covers the period when the donor is involved. This is because graft taken out of infrastructure projects also helps to get them built, as well as causing

them to be more costly and of lower quality than anticipated.^{1/} The use of graft and influence in the service-type projects, where things are not being built, is often directed toward diverting subsidized services to non-qualified users. For the new rural projects, in which infrastructure is less important, graft and influence are therefore more likely to hurt only--and not, in addition, to help.

2.19 Infrastructure projects also do well, in sum, because they tend to benefit from both interest-group pressure and graft. Other kinds of projects are less well endowed. Either they come without a coterie of organized, powerful and supportive interest groups; or, even worse, they may be opposed by such groups, especially when a project attempts to redistribute public-sector benefits to the less powerful. The role of supportive interest groups in project implementation has been relatively neglected, and is therefore discussed at length in the conclusion to this section.

Adaptation and innovation in project design

2.20 A few words can already be said, before proceeding, about the implications of the urban-rural comparison for the project design process at the Bank. The greater ease with which urban infrastructure projects can be directed toward the poor seems to have resulted in greater innovation in technologies that are appropriate for the poor. Mainly, the urban projects have made major innovations in thinking about supplying services to areas already occupied by squatters, or expected to be occupied. Rural projects, in contrast, have made less progress in the analogous area of "spontaneous colonization"--even though it has been recognized for some time that directed colonization projects do not work well. The infrastructure components of rural development projects, as another example of slower innovation, have relied on standard equipment-intensive technologies, even when concern for rural unemployment would have made the use of labor-intensive technologies more appealing. Though the Bank has recently invested considerable research effort into the question of substituting labor for capital in civil construction (IBRD 1978c), the lag between the perception of the problem and efforts to deal with it seems longer than that leading up to the sites-and-services innovations in the urban projects.

2.21 The greater progress in poor-appropriate design for urban projects is interesting in light of the considerably greater resources invested in the rural projects.^{2/} The contrasting characteristics of urban and rural projects

^{1/} For an earlier, similar view, see Leff (1964).

^{2/} Between 1977 and 1979, Bank/IDA lending for agriculture and rural development varied between 25% and 39% of the total, while lending for urban development was never greater than 4% during this period (IBRD 1979c).

provide one possible explanation of why the pace of urban innovation has been more rapid. The location of the new-style urban projects in poor areas made innovation a necessity in order for the projects to work at all--e.g., for people to connect up to and use the new services, move into the new housing, or pay new user charges. This compelling force for adaptation does not exist in the new rural projects, which do not really need the poor in order to work. If the poor are not interested in or capable of using the new services of a rural project, there will always be somebody else who will--namely, the nonpoor. Agricultural credit will not fail to flow smoothly without poor claimants; farm investments will be made with project assistance even if the poor do not make them; electricity hookups will be sought after by others along a rural electrification grid, if not by the poor; and roads will get built and used whether or not the project employs labor-intensive construction techniques.

2.22 The element of "compulsion" is important to the pace of innovations in project design partly because the introduction of such new techniques is usually expected to slow down project execution considerably--both for donor and recipient agencies. The case of labor intensive road construction is an example--though the slowdown involved in adopting such a technique reflects more the difficulty for donor and implementing entities of changing to it, than a slowness inherent in the techniques itself. 1/

2.23 That poor-adaptive innovations in project design are expected to cause slowdowns in project execution helps explain why such innovations are more likely to emerge from some quarters of an organization rather than others. The case of labor-intensive construction techniques, again, provides an interesting example. Why was the interest in labor-intensive techniques pursued most vigorously by a Bank unit dealing with "pure" infrastructure, rather than by the units with responsibility for poor-oriented rural projects? Given the searching of these latter units for interventions with direct impacts on the rural poor, one might have expected the labor-intensive approach to be explored by them first, or to be most eagerly picked up by them. In one sense, however, labor-intensive construction was least likely to be of interest to the designers of the new rural projects. Though road construction was not a central component of these new projects, that is, it was one of their only fast-moving and non-problematic components; one could not afford to give up such a rare and valued project characteristic, even for the cause of reaching the poor.

2.24 A pure infrastructure department, in contrast to those in charge of rural projects, has more than its share of the desired fast moving projects. The infrastructure unit, therefore, can more easily afford to make some room for a few slow-moving endeavors--moreso, at least, than can the department with a more varied mix of projects and a higher share of slow-moving ones. This

1/ See Tendler (1979a) for a discussion of this expectation of slowdown in the case of labor-intensive roads.

explanation also provides some understanding of why experimentation in labor-intensive construction has gone further in the Bank than innovation in other areas of the new rural projects, such as colonization or credit. The latter areas, that is, are represented by departments that normally do not have a large proportion of fast-moving projects. They could less afford the slowness of being adaptive.

2.25 That the experimentation with employment-creating technology took place in the Bank unit that was most "hardhat"--the one that was least responsible for new-style concerns--is testimony to the importance of looking to the Bank's needs as an organization for understanding some of the problems of new-style lending. Smoothly-flowing projects were more critical to the Bank's performance and survival as an organization than being able to benefit the poor directly--in cases where the two objectives conflicted. The point is not that new-style concerns should have prevailed over the desire for smooth implementation--or that new-style innovation in rural projects should have been more vigorously pursued by the departments in charge of them. Rather, the story of labor-intensive construction techniques suggests that, in some cases, one might look for adaptive work to departments that have less to lose from the slowing down caused by the adaptive process-- rather than only to departments whose tasks and sympathies are more directly related to new-style concerns.^{1/}

2.26 That organizations frequently put their own needs before those meant to be served by their programs is a commonplace in the literature on organizations. In bringing this up, I am suggesting that in some cases the Bank might diminish its problems in meeting the new-style goals by recognizing the conflict between these goals and the need to meet certain standards of organizational performance--and assigning tasks so as to reduce that conflict. In the case of urban projects, one could count on some adaptation to be compelled by the project environment. The environment of the new rural projects does not compel innovation in the same way, meaning that alternative forces or inducements should be sought. The study of where new-style innovation has occurred in the Bank so far--as illustrated by the labor-intensive and sites-and-services stories--is one way of discovering such alternatives.

Places of work vs. places of living

2.27 Another way to describe the difference between the Bank's new-style urban and rural projects is that the rural projects center on the work life of the poor and the urban projects on their non-work life, or the place where they live. Rural projects seek to improve the productivity and production opportunities of the poor while urban projects are dedicated to improving the

^{1/} This suggestion should be taken as merely illustrative. The history of innovation of the Bank's urban projects, after all, had just the opposite organizational configuration: the sites-and-services approach was devised and struggled for not by an infrastructure department but by a young, small and relatively weak "new-style" unit for urban projects.

physical quality of their life.^{1/} Urban projects are located where the poor live, whereas rural projects take place where they work. ^{2/}

2.28 In rural settings, the farming poor spend at least some of their work time as employees, who are bound to their employer-landlords in a web of personalistic and dependency relations that extend far beyond work related activities. Employees may receive a plot of the employers's land for their own cultivation, and may live in a house belonging to the employer. Work and non-work activities are intertwined, and the places of work and living overlap. In the more "modern" and impersonalistic urban setting, relations between the poor and their employers are quite different. One's work is in a different place than where one lives, often separated by considerable distance. An employer has little or no control over his employees' non-work life or place of residence, nor is he interested in gaining such control.

2.29 The work life of the poor urban person is more likely to be that of an employee only; the poor rural person, in contrast, is his own producer as well as an employee of someone else. He produces crops for his own consumption in addition to hiring himself out as an employee in the production of crops by other, better-off farmers. In cases where the urban poor are both producers and employees, their work as producers usually involves an activity quite distinct from what their employer produces. In the rural case, in contrast, the poor person as producer is working on his employer's territory, and is turning out the same product as his employer.

2.30 The fusion of work and non-work activities in the countryside, and the ties of employee and employer, create certain problems for the new rural projects, at least as they are currently conceived. In the countryside, the kinds of non-work-related projects that one does in cities--health, education, housing, potable water--represent an intrusion into the domain of the employer. Many employees live on the property of their employer-landlords, as noted above, and employers may supply health, education and other non-work services to their employees. Some employer-landlords will have reason to resist the provision of these services by a government project, because of the resulting reduction of monopsony power by the landlord over the tenant's

^{1/} The new "informal-sector" components of urban projects are an exception, providing credit for small-trader operations of the poor.

^{2/} The distinction, of course, is not that clear cut. The rural poor may live at the edge of their cropland; the new-style rural projects often include such non-work components as health, education and potable water. These latter project pieces, however, are usually seen as adjuncts to the production-increasing core of the project; that is not the case in the urban projects, where these pieces are central.

labor.^{1/} Other landlords, as discussed further below, will welcome being relieved of these burdens. Even in the latter case, however, a project still has to take place on employer territory--on his property or in the neighboring village which he controls. Project personnel, therefore, will often have to bend to a landlord's preferences in their daily activities in order to be allowed to operate in his domain. Projects meant to improve the physical quality of life of the rural poor, in sum, may well evoke the opposition of employer-landlords or, at the least, will have to operate with their tacit consent.

2.31 Projects for the poor in cities are located far from their places of work, in contrast, and make no intrusion on the employer-employee relation. If anything, urban employers will benefit from projects in poor neighborhoods, to the extent that they result in a healthier, better educated work force with access to adequate and cheap transportation. This means that urban employers can benefit from public investments in the poor and, at the same time, not have to give up any power over their employees in order for the projects to take place.

Helping the poor as producers: success and undoing

2.32 Working with the rural poor is also complicated by the fact that the poor person in the target group of the Bank's rural projects, as noted above, is usually both producer and employee. The production orientation of these projects, that is, dictates that the rural poor be assisted in their role as producers, rather than as employees. For this reason, the Bank has considered most of its new rural projects as not being directed toward, or as capable of having an impact on, the landless poor.^{2/}

2.33 To the extent that the rural poor become better at production with the assistance of Bank projects, they may become less available to landlords as employees. With new access to credit, for example, they will spend more time on their own plots and have less time to hire themselves out to employers. A marked substitution of own-plot work for hired-out work has taken place in some of the Bank's projects in Northeast Brazil, resulting in a decrease in the supply of labor to landowners and an increase in the daily agricultural wage in the project area. This kind of outcome is almost better than one normally

^{1/} Other reasons for landlords to be ambivalent about rural projects are taken up in the following section.

^{2/} The Bank's first new-style rural project in Northeast Brazil, for example, would not directly reach sharecroppers and the landless, even though they represented at least 55% of all farm families in that particular state. Recently, there has been a growing interest in the Bank in the matter of the landless. See, for example, IBRD (1978e, 1979d).

would care to expect from a project seeking to improve the lot of the rural poor. Not only does the income of project beneficiaries improve, that is, but the wages of all laborers in the project area increase as a result of project beneficiaries' having withdrawn their hired-out labor from the market.

2.34 Until recently, the Bank has said that it could not reach the landless directly with its rural development projects. The pulling up of the agricultural wage, however, benefits all agricultural workers, including the landless. By increasing the rural wage, then, a project has a secondary benefit for the rural poor that can be more significant than the income gains made by direct project beneficiaries, since the latter usually are not more than a minority of the rural poor. It is interesting that the Bank, in searching for project benefits, has never taken credit for this potentially powerful mechanism through which its projects can reach the rural and landless poor.

2.35 To the extent that the Bank has posited secondary employment benefits for its rural projects, the benefits were to result from increased demand for labor owing to the adoption of new inputs like irrigation and fertilizer. This is a quite different mechanism than the one described here, whereby wages increase not because of increased demand but because of a decreased supply of labor offered to employer-landlords.^{1/} The latter mechanism does not require the adoption of new technologies in order to work--a significant advantage, given that the adoption of technology in Bank projects has usually been considerably less than expected.^{2/} Reducing the supply of hired-out labor, that is, simply requires opening up access to credit and other existing input subsidies to the semi-landless poor--i.e., those who work partly on their own land and hire themselves out for the rest of the time. The supply-reducing mechanism for increasing the incomes of the rural poor, in other words, may be considerably less difficult to put into action than the demand-increasing one.

2.36 The success of a rural project in causing wages to increase, unfortunately, is exactly the kind of success that provokes opposition from landlords. They will complain that the project has caused their costs to increase, and has made it difficult for them to find labor. Disgruntled and powerful, they use their influence to undermine the project, or change its direction. This can be done inconspicuously at the local level, without openly challenging the project as a whole, or engaging in confrontations with policymakers. The

^{1/} Note that the reduction in labor supply does not necessarily result in a decrease in agricultural production, because own production by peasants is increasing as hired-out labor is decreasing. The net impact on production of the reduced labor supply and increased wage, of course, is difficult to predict--depending on, among other things, the extent to which employer-landlords decrease crop production in response to the increased wage, or shift to less labor-intensive crops.

^{2/} Evidence is cited, and this matter is discussed, in the section below on monitoring and evaluation.

pressure can take the form of a veiled threat to the local extension agent, who relies on the acquiescence of local landlords to work in the community; or it can take the form of a phone call, or friendly visit, to an acquaintance in project management or state government.

2.37 If the Bank succeeds in reaching the rural poor as producers, in sum, this is likely to increase the costs of production to the employer-landowner and to decrease the monopsonistic power of landowners over their tenants and employees. This political difficulty of assisting the poor in rural settings will often manifest itself in seemingly unrelated problems, like slow disbursement of project funds; the dissatisfaction of landowners will often surface as a waning of attention to the project by those in power. To stand firm against this exertion of influence by dissatisfied landowners requires a strong political commitment to support of the redistributive implications of a project--implications that are not always obvious or requiring of explicit support before implementation. Such a commitment, or the power to sustain it, is not often available to the rural projects financed by the Bank. Ironically, then, the very success of a project in reaching the rural poor and raising their incomes can lead to its undoing. The costs of improving the lot of the urban poor, in contrast, are never as directly and obviously imposed on urban elites.

2.38 The manifestation of political problems in a seemingly apolitical guise, like slowed implementation, both helps and hinders the new rural projects. On the one hand, landowner dissatisfaction is kept from escalating into organized resistance to the project; on the other hand, the masking of the problem in what looks like slow bureaucratic procedures makes it difficult to recognize. Slowness of disbursement and other implementation problems, when caused by elite dissatisfaction, may elicit a flurry of corrective responses that, though seemingly appropriate to the bureaucratic problem, do not bring about much improvement in it. Some of the Bank's efforts in the area of monitoring and evaluation, as discussed below, might be characterized in this way.

2.39 In the urban setting, there is little potential for the problems described above. There is a distinct place where the poor live and do not work; it can be easily focused on and justified as a site for project attention. A project for the urban poor will reduce employer costs to the extent that it results in more productive workers--a benefit that is not acquired, in contrast to the rural case, at the cost of the employer or a decrease in his power. Though non-work investments in the rural poor will also contribute to more productive workers, they will at the same time result in workers who are more likely to migrate or to work for themselves and less for others--i.e., to leave their employer-landlords. The benefits resulting from investment in the education of the poor, finally, are more relevant to productivity in city employment than to that in agricultural work.

2.40 A final reason that assisting the rural poor as producers is problematic is that they produce the same goods as the elites--or, at least, use the same inputs. Thus the new rural projects are in the position of

providing the poor with the same public-sector services and inputs--and from the same agencies--already used by the rural elites in their capacity as agricultural producers. Again, this represents an intrusion into the domain of the rich as producers; some of their claim on public-sector services and subsidies will now have to be given up to other, less powerful, producers. Even if a project increases total available public resources considerably, so that the new services for poor farmers are not provided out of those for the rich, the richer producers will often react to such projects as if they do bring about an absolute, rather than relative, decrease in their share of public-sector largesse.^{1/} For these reasons, production-oriented assistance to the rural poor, as preferred by the Bank, may evoke more opposition from rural elites than assistance in non-work areas such as health, potable water and education. This point is discussed further in a separate section below.

2.41 Because the urban poor are not producers of the same goods as the rich, there is no analogue in the new urban projects to the rural projects' taking away from the elites as producers. The services provided by the new urban projects, correspondingly, are of a different type--and are managed by totally different agencies--than the public services and subsidies available to urban elites in their capacities as producers.

The threat of empowerment

2.42 For the rural elites, the new-style projects always carry the unspoken threat of helping the poor so effectively that they will become strong enough to press for and gain reforms in tenancy and labor practices--perhaps even agrarian reform.^{2/} Interestingly, the radical critique of rural development projects posits a result that is just the opposite of this landlord's nightmare. Rural development projects are said to create or strengthen an upper peasant or kulak class, which saps the potential leadership for mass peasant organizing (de Janvry 1982)--a hypothesis that might be tested on a sample of Bank projects. The upper peasant group is anxious to protect its new wealth, according to this interpretation, and will therefore act in concert with the landed elites, at least with respect to demands for redistributive

^{1/} In the long term, their perception may be accurate. Once the precedent of a share for the poor is considered acceptable, it could continue after the life of the project, when total resources available to agriculture may revert to their pre-project levels.

^{2/} This threat was cited by the designers of the Bank's first new-style project in Northeast Brazil as a reason for not being able to design the project with sharecroppers and landless as the main beneficiaries. This proposed alternative, involving among other things the organization of sharecroppers and landless workers in informal associations, "would meet with hostility from landowners (and) would, over time, decrease the power of landowners and prepare the adequate administrative structure and popular support for a significant land reform ... "

redistributive land measures and enforcement of tenancy and labor legislation; the new kulak class will serve as a buffer between the landed elite and the poor majority. Thus it is no accident, according to this view, that rural projects end up working with the upper poor; this is part of the agenda, after all, for containing the poor and for not empowering them. Even if rural projects actually do weaken rather than empower the poor majority, because of the alleged creation of a buffer class, it is still true that landlords will sometimes react to projects for the poor as if their result were going to be the opposite--i.e., the empowerment of the poor.

2.43 Again, urban projects carry no such threat to the control over production held by urban industrial and manufacturing elites. The urban projects come nowhere near to touching the area of labor legislation, payment of workers or working conditions. When urban projects do empower the poor, the resulting demands will tend to focus on what is happening in the neighborhood rather than at work; better city services and greater shares of the city's investment in infrastructure will be demanded rather than better terms from employers or a share of their wealth. 1/

2.44 If an urban project empowers the poor, then, this may create problems for the city's managers and politicians, but not for those who employ the poor--i.e., the producer elites. Thus it is that urban projects are often depicted as useful for buying off the urban poor--i.e., for keeping them from organizing around class-based issues. 2/ City politicians, it has also been argued, are often more fearsome of other elite contenders for their power than they are of the "discontented" poor (Cornelius 1975). They will use projects to court the poor so as to gain the strength necessary to fend off these more threatening forces. The urban elites, in sum, may have reasons to oppose projects for the poor, but the reasons will not have to do with a feared threat to their power as employers and their assetholdings as producers. In the following section, another type of threat to local elites posed by the new rural projects will be discussed.

The new projects and the vote

2.45 Where universal suffrage prevails, the poor rural person can often be counted on to vote for the landowner's choice because of his dependence on the landowner for employment and a plot of land to work; ritual mechanisms like feasts may mark the landlord's payment for his client's vote. In the cities, vote-seeking elites cannot rely on these traditional dependency ties to assure them the votes of the poor, nor does the structure of the employer-employee relationship allow for the development of such ties. Under these urban

1/ Evidence for the neighborhood focus of demands by the urban poor in third-world cities is cited in note 1 on the following page.

2/ See, e.g., Cornelius (1975), Collier (1976), Perlman (1976), Dietz (1977) and Stepan (1978). Cornelius (1976) even suggests that the interest of some regimes might lie in promoting cityward migration because of its "conservatizing influence on the urban population and as a safety value for rural discontent (p. 229)." (Italics mine.)

conditions, public-sector projects provide an excellent substitute opportunity for the elites to gain some voting power among the poor. The political exchange value of public-sector projects, therefore, is likely to be greater in the city than it is in the countryside, where the elites hold the votes of the rural poor more firmly in hand. (The case where allegiance of the rural poor is not so predictable is discussed momentarily.)

2.46 Though the poor of third-world cities may have no longstanding dependency ties to the elites, they also do not organize and press politicians for concessions along class-based lines; this is partly a result of the large proportion of migrants living in such cities, often of different regional or ethnic backgrounds. When the poor do organize in third-world cities, it is usually along neighborhood lines, to press for the provision of certain city services. Politicians seek the support of the urban poor in these settings--or of any group--through the granting of material benefits rather than through the taking of certain stands or the granting of concessions on class-based or ideological lines. This meeting of the particularistic demands of the poor through piecemeal administrative action, it has been noted, can be less costly than responding to broad-based demands.^{1/} The understanding of this type of urban political environment has arisen, in part, from studies of machine politics in 19th-century U.S. cities. Though these cities differed in significant ways from those of today's third world, the importance to politicians of being able to buy political loyalty with material benefits is common to both.^{2/} This is where the new urban projects fit in.

2.47 All urban projects provide myriad opportunities for city politicians to build allegiance among certain sectors of the electorate. Projects for the urban poor can be seen as an extension of these opportunities; they will be welcomed by city leaders partly for this reason, whether or not these leaders are committed to improving the lot of the poor. Support for the Bank's new urban projects will be forthcoming from recipient cities, then, whether or not they have political commitment to the poor.^{3/}

^{1/} Cornelius (1975). There is a considerable recent literature attesting to the particularistic nature and neighborhood focus of demands by and concessions to the urban poor in third-world cities. See, for example, Scott (1969c, 1969b), Cornelius (1974, 1975), Collier (1976), Perlman (1976), Stepan (1978), and Nelson (1979).

^{2/} Scott (1969a, 1969b) elaborates the model of machine politics in 19th-century U.S. cities, and argues for the similarity in third-world cities of today.

^{3/} A study of the policy of various Peruvian national governments towards squatter settlements in Lima, the capital city, shows that the intensity of attention to the problem does not necessarily vary according to the progressivity of the government--and that it is difficult to describe or predict the policy along the dichotomous lines of conservative-progressive, reactionary-reformist, income-concentrating/income-re-distributing (Collier 1976).

2.48 Infrastructure projects in poor urban areas would seem to be particularly desirable instruments for acquiring political allegiance because one can buy both the poor and the rich with one project: the rich get the contracts for design, construction and sale of equipment, and the poor get the construction jobs and the services of the facility upon completion. A health clinic or a school in a poor neighborhood, in comparison to street paving or sewerage installation, give less business to the rich. Housing projects for the poor have the same dual political appeal as infrastructure projects. The desire of some Peruvian presidents to gain favor with the private construction sector, for example, was a significant factor in bringing about housing projects desired by the squatters of Lima (Collier 1976).

The mixed political value of rural projects

2.49 Projects for the poor are not only less urgently needed by the rural elites for acquiring the votes from the poor. Such projects can also intrude on the traditional dependency relations of the rural poor to the landowning elites, and thus can threaten the hold of the elites over the votes of their poor. Large rural projects, that is, represent an institutional "diversification" of third-world countrysides; they often amount to a first move of national-level government into areas where, previously, the only institution has been the landowner and the services he supplied in his domain--housing, health, credit, drygoods, inputs, documents, police. If the new-style projects are successful, then, they will at the same time be replacing landlord "services" with government services and doing a better job at it--better health care and marketing services, cheaper credit and inputs. These changes will eat away at the dependency of the peasant on his landlord and the rituals of that dependency--including the certain delivery of the poor person's vote to his landlord.

2.50 In the eyes of the rural elites, the changes wrought by the new projects can result in a loss of power not only to the poor but, even worse, to another elite--the central government. If a large rural project is indeed a vehicle for occupation of the countryside by a hitherto absent and disinterested central government, then the project may herald a shift in the balance of local-national power that is unfavorable to the local elites. In addition, the elites will often suspect that the central government, with its new footing in their area, will take up the cause of the local poor; with this kind of backing for the poor, the local elite knows that it will have more difficulty maintaining its hegemony. This suspicion will be confirmed, of course, by the kind of poor-championing rhetoric that is characteristic of the new-style projects. Under certain circumstances, then, there will be good reason for local elites to view a large development project as the worst kind of Trojan horse: it will not only bring in powerful and distrusted outsiders, but it will hitch this

alien force to a large number of previously powerless and dissatisfied insiders.^{1/}

2.51 Whereas new-style projects in cities help vote-seeking elites to build up a sense of political obligation among the poor, in sum, these projects in rural settings tend to erode an already existing obligatory behavior by the poor to the rich. In contrast to their urban counterparts, then, the rural elites will not only be less interested in public projects for their political exchange value; in some cases, they will actually find such projects to be a threat to their power.

2.52 Rural projects surely have some political value to elites when traditional patterns of dependence no longer hold complete sway. Many rural areas are in the process of transition out of stable dependency relations between peasant and landlord--as a result of a growing commercial agriculture, less personal work relations, the attraction of cities to the rural poor, the increased representation of government institutions in the countryside, and the threatened enforcement of labor and land legislation. Transition, in fact, is perhaps more characteristic of the places where the Bank has rural projects, which are usually chosen because of some demonstrated potential for economic "modernization." In such areas, it would seem, the political exchange value to elites of poor-focused rural projects could be significant. Gaining control over projects would be a substitute means of buying electoral allegiance from the poor, in face of the slipping away of that power with the decline of traditional relations. Elites may also view support for rural projects as a way of going along with the changes taking place in the countryside--a way of taking advantage of this process, rather than being undone by it. In some situations, then, one might expect to see rural elites grasping as avidly at the patronage opportunities of the new rural projects as do city politicians.

2.53 The drought-relief public-works programs in Northeast Brazil are a classic example of the use by elites of public-sector projects. Financed by the federal government, these construction projects were enthusiastically greeted and taken over by local landlords. The widely dispersed projects helped keep the dependent, low-wage labor force from migrating away from the farms where they worked; the employment opportunities offered by this highly labor-intensive construction could be doled out in return for votes in local elections; and the construction contracts let under the program represented lucrative opportunities for landowners to diversify their production out of

^{1/} A study of linkages between local and central governments in Mexico (Purcell & Purcell 1973) hypothesized a similar fear on the part of the conservative and "closed" elite of the San Cristobal area of the state of Chiapas. The possibility of aid from the state or federal government, the study suggests, was seen by the ruling elite as a threat to the existing system of stratification, whereby a large poor Indian majority was exploited by this elite minority. "Penetration of this semi-closed system by the federal government," the local elite is said to fear, "promises to be accompanied by an Indian challenge to the San Cristobal elites" (p. 62).

agriculture. (This latter activity gave these landlords the epithet of "the drought industrialists.")

2.54 Though many rural areas are in transition, the political reaction of their elites to new-style projects will still be divided and unpredictable. The projects do not present the clear-cut desirability to rural politicians and elites that they do in the cities, partly because of the nature of the transition that is taking place. Individual landlords are affected differently, that is, and they respond differently to the erosion of their power over peasants and votes. Some will resist the projects, others won't care, and still others will want to go along with what is happening. In Northeast Brazil, it is common to find this array of reactions among the landlords of an area being benefited by a Bank-financed project or other government intervention. One landlord will welcome a health project, for example, because it relieves him of the "burden" of responding to the health needs of his tenants; a neighboring landlord will oppose the program because it is an intrusion on his relationship with his tenant. One landlord will oppose a credit program for small farmers because it facilitates their spending more time on their own plot and less time in hired-out work to the landowner--thereby contributing to a scarcity of labor and an increase in the daily wage; another landlord will welcome being unburdened of the "risk" of supplying credit to his tenants; still another landlord will shrug his shoulders at the increased price of labor, and set about converting his land to permanent pasture.

2.55 Another example of diverse elite reaction to government interventions on the side of the rural poor regards the government pension program for rural Brazil. Upon the introduction of this program in the Northeast, one landlord would prohibit his tenants from participating and would evict any tenant who was about to reach retirement age; another landlord was happy to see his tenant families gain this extra source of income, because it provided him with a good excuse for not having to dole out money to them in times of need; another landlord joked that the pension program had brought old people "back into style," with sibling peasant families vying for the opportunity to be the ones to house an aging parent.

2.56 Some of the rural elites, in sum, will see new-style projects as opportunities to continue their power over the poor in a different form; others will see the projects as threats to their power; and still others will find that the projects facilitate a transition to the more commercial production and impersonal employer-employee relations that they themselves have been wanting. In transitional rural societies, in other words, the reaction of the elites to any particular new-style project will be diverse and difficult to predict.

2.57 The ambiguity of the elite reaction to the new rural projects--in contrast to the clearer-cut attraction of the new urban projects to city politicians--has some advantage over a situation where there is uniform opposition. It represents an opportunity to diffuse potential opposition to the rural projects, enlisting the support of the landlords who see themselves as having something to gain from the project. Since the rural projects are so lacking in self-interested and powerful support groups--and since the powerful groups that exist are often against them--this potential source of support or tolerance for the new projects could be important.

Politics and project disruption

2.58 That the new urban projects can appeal to politicians regardless of their political stripe provides some stability to project execution. When elections take place midway through project execution, that is, city projects often suffer and grind to a halt because the project was associated with the political platform of the previous government. Newly-elected governments, however, also have political reason to do just the opposite. The half-completed project, after all, represents an unusual opportunity for immediate patronage payoffs in the form of jobs and contracts for construction and supplies. This means that the cast of characters involved in a project may be changed--managers, contractors and even unskilled workers. Though this turn-over can be quite disruptive, it is still carried out with the intention of completing the project. Though projects will suffer from disruption in the wake of electoral and other political changes, then, the changes will on some occasions signify a keen interest in carrying the project out--just as on other occasions they will signify a relegation of the project to secondary status because of its association with the political careers of previous officials.

2.59 That politics can provide stability to city projects contrasts sharply with the usual portrayal of the impact of politics on projects. In this latter view, changes in government leave behind a cityscape of incompleting monuments to previous governments. The new government, not wanting to share any glory with the previous government by finishing one of its projects, starts its own projects and abandons those in construction. This explanation is such a common and seemingly logical one for the conspicuously unfinished projects of third-world cities, that one wonders how to explain the opposite event--the actual completion of some projects by the governments that did not start them. The patronage opportunities offered by such projects provide one possible explanation. Because completed infrastructure projects are less conspicuous than incompleting ones, in fact, it may be that the urban project that survives a change of government and gets completed is more common a phenomenon than the legendary unfinished one. Half-completing projects, in sum, hold considerable political exchange value for incoming governments.

2.60 New-style projects in rural areas, I have argued, are not endowed with a certain insulation against changes in government that the city projects have. The city projects abound with opportunities to gain votes from poor and rich alike, regardless of the political cast of the sponsoring government, or of whether it has a commitment to the poor. The deficiencies of rural projects in this area, together with the difficulty of focusing rural infrastructure projects on the poor, deprive the new rural projects of support that is available to the urban projects--i.e, the vote-seekers, the building contractors, and the equipment suppliers. Because the rural projects have less of this "apolitical" and unchanging support from vote-getters and contractors, their implementation may be more disrupted by the electoral process than in the case of urban projects. Rates of disbursement, one would therefore expect, might be lower on the rural projects than on the urban ones or on infrastructure projects in general; this hypothesis could be easily tested on a sample of the Bank's projects.

2.61 Another implication of the difference between new-style projects in urban and rural settings is that rural projects may require more politically committed governments--or agencies that are more powerful and more committed to the poor--than will similarly-oriented urban projects. This implication is discussed in a separate section below.

Insulating projects from politics

2.62 Donor organizations, understandably enough, tend to see the disruption following electoral and other political changes as harmful to project execution. Reacting to this possibility of disruption in advance, they try to reduce the political exchange value of a project's management positions, employment opportunities and contract-awarding potential. To this end, various requirements, incentives and institutional arrangements are brought to bear on project design and negotiations. How this reduced political magnetism of projects helps and hinders them, and how the result varies with project type, has never been the subject of investigation; nor has the question been studied of how successful these attempts to diminish the political attractiveness of projects actually are. Whatever the findings of such an investigation might be, we know already that the vulnerability of certain projects to political change can also be a strong force in favor of getting them completed.

2.63 Looked at with a slightly longer-term focus, the patronage-caused project disruption that concerns donor agencies may in some cases not be as harmful to project execution as is commonly believed. If it is true that the "apolitical" appeal to politicians of certain projects helps keep them moving, moreover, then there may be certain kinds of insulation against politics that in the long run will hinder project execution. Similarly, certain kinds of projects may suffer because of an invulnerability to politics--i.e., a lack of "apolitical appeal" to politicians. This hypothesis may help explain why one of the implementation problems of the new rural projects is slow disbursement of funds.

2.64 The seriousness for project execution of disruption following a change in government will vary considerably by the type of project. Some types of projects and technologies will be more sensitive to changes in project personnel than others; compromises in the quality of project execution, in turn, will be more damaging to some types of projects than to others. Turnover in a large proportion of a project's unskilled construction workers, for example, may be less damaging than a drastic turnover of its skilled workers. The quality decline that results in the caving in of a structure, as another example, will be more serious than the quality decline that results in a greater pace of gradual deterioration through time.

2.65 The disruption of project implementation resulting from changes in government leadership, as noted above, causes donor agencies to try to insulate their projects against such change. As a result of this concern, donor technicians sometimes feel they are better able to do good work in a setting where changes in government leadership are not likely to occur during the project cycle. Since such stability is thought to be more likely under an unelected government than an elected one, the concern of donor technicians for smooth

implementation of their projects sometimes becomes associated with a preference for working in environments where governments are not going to change--i.e., where they are not elected. The preference rarely surfaces as such, since it is highly dissonant with the ethical commitments of many donor technicians to democracy; it exists in a less dissonant form, rather, as an affinity for a certain kind of setting in which one can, on "technical" grounds, do one's work better. The preference, and its expression in the more acceptable technical form, explains to some extent the phenomenon of donor technicians who, though strongly reformist with respect to their home countries, feel little discomfort at working on projects in politically repressive countries.^{1/}

2.66 The assumption that project execution occurs more smoothly in apolitical technocratic environments can lead to the logical conclusion that the transition from a closed to an open political system can be detrimental to project implementation because of the inevitable management changes accompanying such a transition. With respect to poor-oriented projects, for example, it might be said that transitions to open political systems--or election times in general--are disadvantageous to the poor to the extent that they disrupt the projects of which these poor are beneficiaries. If this type

^{1/} This phenomenon has been noted in another context, where it was explained as a basic and suppressed contradiction between notions of liberal democracy and those of "administered development." In a critique of the field of comparative development administration, Loveman (1976) says that the U.S. practitioners of this field in third-world countries are acting on unstated assumptions that turn out to be quite similar to the Marxist-Leninist model of development, which includes "the deliberate, administered reshaping of human values in order to make a particular vision of the good life widely shared and desired." Both approaches, Loveman argues, are said to involve "progressively increased state and bureaucratic control over individual human beings."

Concerns for constraints on development administrators, according to this view, had to be subordinated to the need to create capabilities among the elites to carry out developmental objectives. The interest in creating these capabilities, in turn, was said to underlie the sympathy expressed for the military as having skills "of particular value for economic development" in a significant current of the political-science literature of the 1960s. (The material in quotations is Loveman citing Lucian Pye, one of the most noted political scientists who argued that the military should not be seen as "a foe of liberal values.")

of project implementation problem indeed results from otherwise desirable political openings-up, then another way to protect projects would be for politics itself to "diminish"--that is, for there to be a reduced frequency of election-caused changes.

2.67 In trying to protect projects from politics, in other words, donor technicians may end up being sympathetic to political actors and maneuvers that abort the transition of countries to more open political processes. Radical critics have claimed for many years that an alliance of this nature actually exists between donor technicians and third-world forces against political opening, though their claim is based on different reasons than those presented here. Ironically, such an alliance could actually protect the poor beneficiaries of a smooth-functioning project, to the extent that the pace of implementation is not disrupted by political change. This protection, however, would be gained at the cost of a greater detrimental impact on the welfare and power of the poor in general. This is another reason why it is important to investigate the extent to which projects are disrupted under different kinds of political systems.

2.68 The suggestion that donor concerns for smooth project implementation might cause technicians to feel more comfortable in less politically disrupted environments bears some relation to the recent literature on "bureaucratic-authoritarianism." This literature has emerged in response to the question of why so many Latin American governments were transformed from civilian democracies into military dictatorships in the 1960s and 1970s. The literature suggested that the task of late-starting economic growth becomes so formidable at a certain stage that it can be managed only by snuffing out one of the major complicating factors, an open political process.^{1/} Though the explanatory power of bureaucratic-authoritarianism has been seriously questioned, the literature still reflects a consensus that mid-20th century economic development has been a difficult task to manage in the midst of an open political process. As in the bureaucratic-authoritarian view, my discussion also attributes the donor technician's affinity for the politically uncluttered project environment to the sheer difficulty of the task at hand. Thus whereas bureaucratic-authoritarianism explained why things worked a certain way in the third world, my discussion can be seen as an extension of that explanation--or rather, a variation on it--to the donor world.

2.69 Donor technicians and their recipient-country counterparts actually appear in the theory of bureaucratic-authoritarianism in the form of international technocratic elites, who interact with local technocrats of like mind in the authoritarian countries. The authoritarian leadership, according to the theory, gives free reign to the technocrats to carry out the task of development, which has been defined as a "technical" one without political

^{1/} O'Donnell (1973) first articulated this hypothesis in 1973. A complete bibliography of this literature, as well as a major critique of the theory, can be found in the volume edited by Collier (1979).

dimensions.^{1/} The technocrats, according to this portrayal, are able to work on their task undisturbed by the interferences characteristic of an open political process. Though my discussion of the donor concern for smooth project implementation seems consistent with this characterization of technocrats in the literature of bureaucratic-authoritarianism, the latter misses an important dimension of this role. This other dimension will be discussed briefly.

Disruption without politics

2.70 Project execution paths are often assumed, as noted above, to be less interrupted in countries "without" politics. It turns out, however, that projects in such countries often suffer from disruptions that look the same as those wrought by the electoral process. State governors, city mayors, or military interventors are often replaced with new appointees during a project's life cycle; the new appointees, in turn, will often make a clean sweep or semi-sweep of the management and technical staff of a project--replacing existing technicians with ones they know, awarding contracts to the firms of friends and, in general, heeding employment requests from different quarters. These changes in project managements, and the consequent reverberations in project execution, may occur even without a change of appointed officials, arising out of episodes of disaffection between project managers and their political patrons or, as discussed momentarily, as a result of offers of better jobs to project managers.

2.71 Project disruption in the politically open system results from the use of projects by elected officials to reward political friends and buy votes; that of the closed system results from the use of projects by newly appointed officials to keep with them or create their own kin--professional, personal, political and bureaucratic. Disruption of project implementation, in sum, may in some cases be just as routine under military-technocratic and other non-elected governments as it is during more politically open and turbulent times.^{2/} Under the closed system, then, it is not necessarily the degree or quality of disruption that is different but, rather, the process that brings it about.

^{1/} Or, as one critic of technocratic development writes, "technocracy requires, as a question of definition, the death of politics" (Tapia-Videla 1976).

^{2/} In a study of the Peruvian military government of the 1969-1977 period, Stepan (1978) describes the political autonomy and isolation of the "state elite" and their corresponding search for patron-client relationships that will give them some political security and strength. This argument seems to turn the technocratic approach on its head; when one finally achieves the technocratic ideal of autonomy from politics, that is, one also ends up being isolated and vulnerable.

2.72 Project managers can be vulnerable to turnover even when they are successful and have not fallen from faith with their political mentors. Their very success with the project will draw attention, bringing offers from other places in government, from the private sector, and from outside the country. Indeed, the more project management interacts with the "international technocratic elite" of the donor entity, the more probable it is that opportunities for employment will open up outside the country--often with the donor entity itself. These enhanced job opportunities for managers of Bank projects are an important source of instability in project management, regardless of the tenor of political activity in the project environment. The donor's very protection and cultivation of the good project manager, then, carries the seeds of his eventual abandonment of the project--i.e., of project disruption.

2.73 The managers of poor-oriented rural projects are particularly vulnerable to other job offers. That the poor are the target group of these projects makes them less prestigious than are other positions in the public sector; the field involvement of the job contributes to this low prestige.^{1/} In the infrastructure sector, in contrast, the opposite is the case: for an engineer, the management of a large construction project in the countryside--a dam or an irrigation scheme--confers considerable prestige. For the economists, in turn, there is no analogue to this prestige conferred on the engineer; prestige for economists lies not in doing projects on the ground, but in playing an important role in capital-city decisions about policy. Prestige for the economists is not dependent, as it is for engineers, on having something go right in the field.

2.74 The stability of project management, it has been seen, may have little to do with what is going on in politics. Or, project stability may be just as much a function of the type of project as it is of the frequency of changes in political leadership during the project cycle. Large rural infrastructure projects might be expected to experience less management turnover than the new rural projects, for example, because of the greater prestige accorded to the infrastructure projects and to the engineers who manage them. One possible antidote to low prestige as a source of instability in the management of rural projects could be to hire project managers who are strongly committed to "doing something" for the poor. Since the Bank-financed projects are often the largest or the only efforts of this nature in a country, the

^{1/} The relatively low prestige of positions in the field-oriented rural projects also has its positive side. It keeps the projects from being preyed upon by at least some prestigious and powerful jobseekers who are not suited for project management. This leaves project positions more available to competent local technicians who are less well-connected politically or socially.

committed project manager may receive few other job offers with the potential for being as satisfying along this particular dimension.^{1/}

2.75 If the amount of disruption suffered by projects is not closely related to the openness of the political system, then why do donor technicians continue to expect less disruption under the more closed regimes? One reason could be that the technocratic rhetoric of many politically closed systems is more reassuring than the explicit obeisance paid to political considerations under open governments. Change in project management is certain to happen under open systems at election time, moreover, whereas it tends to happen only unexpectedly under closed ones. Donor technicians may therefore be responding less to a lower actual frequency of disruption under closed systems than they are to the expectation of a lesser frequency of disruption. In that everybody expects the change that will occur under open systems, finally, such change may actually be less disruptive, if not less frequent, than that occurring under the closed systems.^{2/}

Technocratic guises for redistributive projects

2.76 If poor-focused projects are to be successful and have a significant impact on the poor, they often require political commitment to redistributive objectives, a commitment that unelected governments can often afford not to make. Even when commitment to redistribution is initially expressed, governments are often not willing to back it up when the project gets underway and opposition arises. Indeed, such redistributive programs and the political turmoil around them often lead to takeover by nonelected governments in the first place. This suggests that the protection from politics that donors seek may do more good, in the case of the new rural projects, under governments where such insulation seems least necessary--that is, where there is less politics to protect from because regimes are unelected and repressive of reformist policies and their proponents.

^{1/} Note the difference for the stability of project management between the manager attracted for these reasons and the one attracted for the access to the international technocracy that a donor-financed project provides. The latter person, of course, is more likely to leave the project sooner than the former; yet it is the latter person with whom, in some cases, donor technicians will find greater affinity because of shared language, professional background, and aspirations.

^{2/} One of the most notable cases of this predictable and regular electoral change, and its effect on project execution, is the Mexican "sexenio," or six-year period of the presidential mandate. Grindle (1977) devotes a whole chapter in her book on rural development administration to the sexenio, and how the certainty of it affects project design, funding, and implementation.

2.77 In that the strategy of insulating projects from politics poses them as "technical" undertakings, not to be disturbed by political meddlings, the new rural projects may be "protected" from the politics of sponsoring governments that would never back such projects on redistributive grounds. Unelected governments, after all, are anxious to avoid the opprobrium of having disturbed serious development efforts; this is the accusation they have cast on previous civilian governments, and have used as the reasons for their takeovers. A project that presents itself as a technical, manageable approach to a problem--even if it is not--is easier for such a government to go along with than one that is clearly an attempt to redistribute income and public sector expenditures to the poor.

2.78 Describing a task as "technical" gives some justification for keeping it beyond the realm of political leaders and their judgments. The more technically complex a problem, the more likely it is that specialists will be left on their own by politicians--as in the case of the design and execution of a large hydroelectric power project. Governments that are not willing or able to commit themselves to redistributive policies or to empowerment of the poor, then, may accept projects with these implications if they are presented as technical solutions to a technical problem. The project-insulating maneuvers of the Bank go well with these technocratic project conceptions. It is in this sense that the insulating strategies may help the cause of the poor under those governments that seem to have the least "politics" to insulate from.

2.79 The strategy of presenting redistributive projects in technical guise, of course, can only go so far. If the project is successful in reaching the poor, it will usually alienate some powerful groups, which will require that the recipient government or executing agency exert some counterbalancing power in the project's favor. Though the technical garb may protect projects from their own uncommitted governments at the start, then, it also leaves them bare of political protection later on, when the going gets rough. Thus it is that rural projects executed under regimes without strong political commitments to the poor often drift toward the nonpoor, or end up having insignificant impacts.

2.80 The technical presentation of poor-focused projects is also useful under uncommitted governments because it allows reformist-technocrats to be asked to manage such projects. Their commitment as reformists will contribute significantly to making the project work and keeping it steered away from elite pretenders to its benefits. As reformists alone, these managers would be unlikely choices of the uncommitted governments; as technocrats called to undertake a "technical" task, however, they are more acceptable. Indeed, they will even be somewhat protected from politically unsympathetic actors in the sponsoring government out of commitment by that government to the technocratic style.

2.81 The idea that the reformist manager might be facilitated by his technocratic guise is interesting, given that criticism of the technocratic style of economic policymaking usually stresses the opposite phenomenon-- i.e., the legitimation of non-elected repressive governments by reputable technocrats who work for them. This criticism is implicit in the literature of bureaucratic-authoritarianism cited above, as well as in other critiques. In my discussion here, however, the reformist project manager becomes only seemingly apolitical in order to work in the services of his own political commitment, not that of the government. The technocratic ethic, in this case, allows those with reformist commitments and at odds with an uncommitted government to actually pursue that commitment, ironically, by going to work for that government. Again, the tolerance of reformists as technocrats will go just so far.

Conclusion

2.82 Insulating the new-style projects against politics, in conclusion, may create a niche for such projects in an otherwise inhospitable political environment--by making them appear to be technical solutions to technical problems. Under reformist governments or transitions to them, however, the strategy of insulating projects against politics--and the mindset that goes along with it--may reverse its effects, and turn out to be detrimental to the cause of such projects and of the poor. During these times, the insulation strategy can cut the project off from the influence of supportive forces in the political environment. The insulation strategy, finally, cultivates a distaste for the political change and the disruption that often accompany significant improvements in the conditions of the poor. Whether or not Bank projects are more subject to turnover and disruption under open political systems, then, is an important question.

The public sector in the countryside

2.83 Projects for the rural poor, I have argued, offer less opportunities than urban projects do for buying votes, selling equipment, materials and jobs, or winning profitable design and construction contracts. If this is the case, then what manifestations of power are brought to bear upon the design and implementation of rural projects? One logical place to look for interest-group support is to the beneficiaries themselves. Strong interest groups among the poor, however, are not common in rural areas--because vertical patron-client relations make difficult the formation of class-based groups, and because independent organization among the poor is often discouraged or repressed by rural elites and by governments. The absence of an organized beneficiary group in the wings of the new rural projects has left a vacuum of power around them. This space has tended to be filled, as if by default, by the government agencies that already occupy a place in the rural sector--the agricultural extension service, rural banks, local or regional health and education entities, irrigation and water departments.

2.84 Agricultural extension services and rural banks tend to have considerably more bureaucratic power in the rural sector than health services,

education departments, or labor ministries. This greater bureaucratic power is partly a result of the fact that the banks and extension agencies physically "occupy" the countryside, with a dispersed network of offices and staff. Irrigation and water agencies often hold even greater power in the countryside than the extension services and the banks. Rather than reflecting any permanent occupation of the countryside, the power of the irrigation agencies results from the greater deference paid to large technology-intensive projects, and the greater prestige that society accords to the engineers who manage such projects.

2.85 The greater bureaucratic power of agricultural extension services, rural banks, and irrigation entities explains to a considerable extent their role as key institutional actors in most of the Bank's rural projects, the old as well as the new. The agricultural-productivity focus of such projects, of course, also results in this particular selection process. The selection of these bureaucracies, in turn, contributes to the continued formulation of such projects around agricultural production.

2.86 How did agricultural extension agencies and rural banks gain power in the first place? In the past, these institutions supplied subsidized inputs to the landholding elites--credit, fertilizer, improved seeds, improved breeds of livestock. Before the new-style projects, that is, they did have powerful interest groups supporting their activities. But the new-style projects require that they turn their backs on these groups and service a client who, up until now, has had little power. The servicing of this new client will not only reduce the subsidies available to the original clients--or, at least, will be perceived by the latter as having such an outcome; but the new project will also empower the new client in a way that threatens the power of the old. Clearly, this change of clientele carries some adverse consequences for an agency and, hence, for project implementation. Mainly, one of the major outside sources of support for the executing agency in the past will no longer be supportive during project execution. This will weaken the project's chances for success and diminish the bureaucratic power enjoyed up to now by that agency.

2.87 The staffs of the implementing agencies will themselves have mixed reactions to the poverty orientation of the new projects. Some will not want to "betray" their old clients and lose an important source of their power. Others may be favorably disposed to the new client but their work may be made difficult or impossible by an obstinate local elite.^{1/} As a result of these problems, the sympathetic staff members may become frustrated and less vigilant about keeping project services from flowing to the elites; some of these favorably disposed and frustrated will leave the project altogether. The switch to new clients by an agency whose power has been based on having provided subsidized services to the rural elites, in other words, can result in the loss of support not only from the elites but from the staff of the agency itself.

^{1/} An extreme example of this kind of problem can take place during agrarian reform. During the Honduran agrarian reform of the early 1970's, some extension agents were threatened by landlords that if they worked with the beneficiaries of the agrarian reform, they were in danger of losing their lives. (Reported in Tendler 1976a).

The building agencies

2.88 The dilemma in which the agricultural service agencies find themselves contrasts sharply with the situation of the new-style projects for the poor in cities. Since urban projects usually involve construction, the power of the executing agencies is based on their command over a certain technology and their ability to get certain things built, rather than on having catered to a certain beneficiary group. (This is also true, of course, of agencies doing rural-sector projects like irrigation and roads.) The more these agencies build, the more powerful they will become. If they throw their weight around, it will be in order to build more, rather than to get more services or subsidies for a particular group.

2.89 To the extent that the "building agencies" have a client group, it is the equipment manufacturers, building contractors and engineering design and construction firms who benefit from the new project activity. This powerful "client" group will continue to be served, as noted above, when construction activity moves from rich to poor neighborhoods. Projects in poor neighborhoods, then, will represent one more opportunity for the building agencies to aggrandize power; the projects will in no way signify a switch from one client group, which has been an important source of bureaucratic power, to another group without power.

2.90 Irrigation projects and their execution agencies share many characteristics with urban infrastructure projects. The power of the executing agency is based on its command over a certain technology and the prestige attributed to such command. Each new construction project will have a different beneficiary group, but the agency remains powerful because of its task-related prestige, and the support of suppliers, designers and builders. A change from building irrigation projects in an area of rich farmers to one of poor small farmers will not evoke resistance from within the irrigation agency itself, as long as this change does not require a slowdown of the pace of building activity.

2.91 In the course of sustaining its building pace, an irrigation agency sometimes ends up being the most powerful agency around with respect to the ability to expropriate land in the countryside. At times, when the forces of opposition are so powerful that it is politically impossible for governments to carry out any kind of expropriation, even for limited projects, one will often see the irrigation agency imposing yet one more expropriation, unhindered. The drought-prevention agency in Northeast Brazil (DNOCS) is a classic example; the Water Board in Bangladesh (WAPDA) is another.^{1/} Irrigation projects, in sum, do not require that their executing agencies internalize the conflict between rich and poor in order to execute the project. The power and prestige that is inherent in their task, moreover, allow them to ride roughshod over the rural elites. This is quite different from what happens when new-style projects are executed by agricultural extension, input-supply, or credit agencies.

^{1/} Part of the story of DNOCS can be found in Hirschman (1963), of WAPDA in Thomas (1974a), and of another powerful irrigation agency--in Mexico--in Greenberg (1970).

2.92 The "disinterested" power of irrigation and other infrastructure agencies, it should be noted, will not always be consonant with the objectives of new-style projects. Some new-style projects attempt to introduce poor-appropriate technologies that are different from those customarily used; cases in point are labor-intensive construction techniques and irrigation projects involving simpler, more decentralized approaches to equipment. Use of these technologies can slow down the pace of an agency's construction and investment--or, what amounts to the same, are expected by the agency to have this result. On these grounds, the poor-appropriate technologies may receive little support from the powerful agencies.^{1/} Certain technologies may be more cost-effective or economically efficient, that is, but nevertheless will not "work" because they are seen as slowing down the pace and diminishing the grandeur of the construction work done by a powerful executing agency. Though these technology choices may be better for the poor, then, they may also be opposed by the powerful on grounds that have nothing to do with their redistributive significance.

2.93 The Bank's investment in irrigation facilities almost equals that of its investment in the "new-style" or rural projects.^{2/} The irrigation projects hold such a large share, of course, because they present an unusual opportunity for bringing about large increases in agricultural output and productivity. Yet the importance of irrigation in the Bank's rural investments also reflects the superior political power of irrigation agencies in getting funding for their projects and support to carry them out. This contrasts with the other types of agencies in charge of new-style project implementation, whose power is sapped by the move from rich clients to poor ones.

2.94 The superior power of irrigation agencies may explain, in part, why irrigation projects have been able to maintain their share of the Bank's rural investment through the transition from old-style to new-style projects.^{3/} Irrigation, that is, did not seem to suffer in face of the discovery that such projects tended to be associated with more income-concentrating benefit distributions than other types of new-style interventions--and that output increases turned out to be considerably less than expected. The latter was the case because of lower adoption rates for fertilizer and other productivity-increasing inputs, and because of mechanical and organizational difficulties in getting farmers hooked up to the new equipment and using the water properly.

^{1/} See Tendler (1979a) for a discussion of the road case, and Thomas (1974a) for the irrigation case.

^{2/} In 1978 and 1979, irrigation projects accounted for 34% and 39%, respectively, of total funds committed in the category of agriculture and rural development (based on data from IBRD 1978f, 1979c).

^{3/} The high irrigation share is still considerably less than the 79% share of the 1961-1965 period, as pointed out in the Bank's 1974 report on the new-style rural projects IBRD (1974). The share seems to be on the rise, however, during the 1970s--24% in 1971-72, 33% in 1973-74, 34% in 1978 and 39% in 1979 (IBRD 1978f, 1979c).

2.95 The unusual power of irrigation agencies to expropriate land for their ventures gives them a unique potential to implement redistributive projects. Because of the tendency of irrigation projects to be income-concentrating, this power may end up not being exploited in the organizational design of the new-style projects. For this reason, it may be important to understand better the conditions under which irrigation projects have had redistributing rather than concentrating impacts. Irrigation projects, in sum, may sometimes be better able to fulfill new-style objectives than credit, marketing and input-supply projects. This is because irrigation brings powerful interests to bear on financing and execution and, just as significant, does not internalize redistributive conflicts in the executing agency.

What interest groups do during implementation

2.96 Comparing new-style rural projects to their urban counterparts has shown how certain characteristics of projects and their environments can help project implementation. The new-style rural projects are not particularly attractive to the powerful beneficiary and supplier groups that gravitate toward other kinds of projects; even when the interest of these groups is piqued, moreover, it is likely to be in the direction of opposing such projects. The poor beneficiaries of the new projects are usually not organized, for the reasons noted above, and therefore cannot fill this interest-group vacuum.

2.97 The urban-rural comparison also shows that redistributive objectives and costs are more apparent to the naked eye in the new rural projects--especially to the eye of the elites. Successful implementation of the rural projects may therefore require an explicit commitment to redistribution--if not while the project is being designed and negotiated, then during the implementation period. Urban projects can proceed on other grounds. Though redistributive objectives may be an important part of their justification, and though redistributive results may be just as significant an outcome, these objectives and their results are not as apparent; it is less obvious, in the urban projects, who bears the redistributive burden. Urban projects therefore require less consensus on redistributive goals and less open political commitment; they will suffer less than rural projects when commitment to the poor and to redistributive objectives is not strong. Because the lack of such commitment is not uncommon--on the part of the executing agency, the local government or the national government--special attention will have to be paid in rural projects to making up for it or bringing it to the fore.

2.98 How might strong interest groups be found and linked up to the new rural projects? How might the need for political commitment, caused by the redistributive problems, be dealt with? Before taking up these questions in subsequent sections, it is important to explain first why I have attributed so much importance to supportive groups and political commitments.

2.99 The positive role of interest groups in contributing to the implementation of Bank-financed infrastructure projects has been paid little attention--partly because the actions of these groups are not always conspicuous and

partly because they have often helped projects rather than hindered them. Smooth implementation is often taken for granted, not requiring explanation; or it is attributed to factors internal to the project itself--like a competent director--rather than to something in the project's environment, beyond control. The successful execution of Bank infrastructure projects might be explained completely by such factors--e.g., proper technology and institutional design, good professionals, wise supervision and, probably, insulation from political meddling.

2.100 The inconspicuousness of interest-group pressures in helping infrastructure and certain other projects to succeed has made it difficult to analyze, and prescribe for, the problems of projects that do not enjoy the presence of such groups in their environments. It is not that the new rural projects are peculiarly dependent on powerful interest groups; rather, it is that powerful groups have been silently behind the other projects all along, contributing significantly to their less problematic execution. In the new rural projects, these groups are simply not there--or, worse still, they are opposed.

2.101 Most development technicians think of interest-group or political influences on project execution as something bad, from which the project should be protected. When interest-group pressures are admitted as explanations for what happens to a project, it is usually when graft, for example, results in the use of poor-quality materials and the structure falls down; or when corruption causes the replacement of a competent project director with an incompetent one; or when political dealing leads to the substitution of a bad project site for a good one. To see projects as needing protection from politics, in short, is to acknowledge the influence of politics on projects, but only when it is bad. This way of looking at outside influence makes it less likely that a consistently helpful role played by such influence will be noticed--especially when it is so easy to attribute good results to something closer to home.

2.102 The tendency to see political influences on projects as something that is bad for them, and to be kept at a distance, is partly a result of the predominance of economists and specialist technicians in the thinking about and design of development projects. A look at the literature on U.S. government programs and projects reveals a contrastingly large contribution by political scientists and policy analysts, as well as various reflections by the project executors themselves.^{1/} The significance of this difference is that it is the very business of political scientists to search out the politics and the pressure groups in a program's history, and to chronicle their influence, both

^{1/} The literature on development projects, interestingly, is almost completely lacking in these reflections of once-powerful projectmakers; such commentaries usually convey quite graphically the interaction between the political world and their project.

bad and good. Economists feel less comfortable with these influences inside their analyses, and tend to exclude them by holding them constant. It seems a natural next step, after assuming these influences away, to actually keep them at a distance when thinking out a project. In the development field, then, it will take a special intellectual effort to unearth the positive side of interest-group pressures in the implementation of development projects--and to arrive at as strong and as rich a characterization as already exists for their bad side.

Waiting for implementation

2.103 Another reason to pay more attention to the role of pressure groups in project implementation is that, in third-world countries, these groups will pressure more for their interests during implementation than during project appraisal and negotiation. The literature of political development, it has been argued, has tended to focus too much attention on the lobbying of groups for their interests before legislation is enacted or before policies are announced.^{1/} This misplaced focus, it is said, is based on a model of the political process in Western industrialized countries, where powerful interest groups lobby vigorously during the period when legislation is being discussed and policies formulated. In this latter world, a genuine engagement between policymakers and the various groups with something to gain or lose occurs during the period leading up to the enactment of legislation. The resulting law or policy will be replete with the concessions made to these groups, and the compromises worked out between opposite sides.

2.104 In third-world countries, the period leading up to legislation or policy decisions is not as rich with interest-group pressures and with tradings between the policymakers or lawmakers and the claimant groups. This is partly because such interest groups are less articulated at policymaking levels in third-world countries; political systems in such countries frequently do not encourage or allow potentially affected groups to have access to the decisionmaking process at legislative and policy levels. Certain business and trade sectors in third-world countries, moreover, are often occupied by ethnic minorities, toward which there can be considerable antipathy by the powerholding majority. The stigmatized minority status of these groups will reinforce the tendency for them to be excluded from participating in the pre-decision stage.

2.105 As a result of these circumstances, the lobbying activities of interest groups tend to get displaced to the implementation phase. When a law has already been passed or a decision taken, one of the few ways left to protect one's interests is bribery and the wielding of influence with the

^{1/} Scott (1969a); see also Leff (1964), and Smith (1973). This paragraph and the following two are a paraphrase of this literature, particularly the contribution of Scott.

purpose of causing the decision to be implemented differently than was intended. In this kind of a political environment, governments decide on laws, policies and projects without having engaged much with the interest groups affected by their decisions--groups whose behavior during implementation may be important to how a policy or project turns out.

2.106 To the extent that lobbying during implementation works, interest groups will have good reason to continue throwing their weight around at that stage, rather than sooner. Even if pre-implementation access to government opens up for interest groups, then, a self-perpetuating cycle is already in motion; groups refrain from pronouncing their claims at the pre-decision stage because they know they can get satisfaction later. The discussions leading up to a project, then, will be characterized by a somewhat spurious calm, since affected groups will be sitting back quietly, waiting for implementation.

2.107 The "delayed" reaction of interest groups to government decisions is significant for the implementation of Bank projects. What is discussed during the appraisal and negotiation period, that is, may not be representative of what is to come. Though there may be considerable haggling between the Bank and the recipient government or executing agency during this period, the compromises struck will not necessarily reflect the demand to be made by, or the obstinacies to be encountered from, private groups later on in the project cycle. On various occasions during project implementation, then, it may appear that project managers or government officials are going back on their word; this going back, however, can also represent a partial accommodation to the unanticipated demands of powerful groups--demands that, as usual, were not voiced until implementation.

2.108 To a certain extent, government representatives will belong to the elites whose interests will be affected by the project. These representatives, one would think, would be aware of and look after the interests of particular groups during the discussion stage, not needing an open expression of concern to know what those groups' demands will be. The government representative, however, may not consider it necessary to explicitly protect or favor his group in the loan agreement or in the discussion leading up to it--knowing, as the interest group does, that the group's wishes can be easily facilitated during implementation.

2.109 An example of how this process works can be taken from the Bank's attempts to limit to the poor the beneficiaries of the agricultural-credit components of its rural projects in Northeast Brazil. The Bank has found, as noted above, that even though the executing agencies would agree to limiting a project's benefits to poor farmers, a good share of the credit would still end up going to larger farmers. Many of these large-farmer credits were for livestock investment, which was usually beyond the reach of small-farmer capabilities or required landholdings larger than those possessed by small farmers. As a result of this experience with credit "spread," the Bank has successively narrowed the focus of its language and of the requirements for eligibility in its Northeast projects--concentrating on agriculture rather than livestock,

imposing lower and stricter ceilings on the size of subloans, and reducing the maximum landholding size by which the target group was defined.

2.110 The agreed-to narrowing of project focus has not always been effective in limiting credit to poor farmers. In negotiating the second stage of a recent project of this type in Northeast Brazil, the managers and technicians of the project unit seemed to have little objection to a series of loan-size limitations that were the strictest so far; they objected strenuously, however, to the exclusion of a livestock-lending category. Since the managers of this particular executing agency were themselves from the landowning elites--a not uncommon phenomenon--they can have been expected to have acted in the interests of their group; or, at least, they would have known that during implementation they would not be able to be completely unresponsive to that group's desires for at least some project credit. With loan-size ceilings only, in other words, it would still have been possible to meet the demands of some larger farmers for this subsidized credit by being "flexible" during implementation; they would not have to openly appeal for a large-farmer share during the negotiation phase.^{1/} The flat prohibition on any investment credit for livestock, in contrast, would have completely closed off any possibility for "flexibility" to large-farmer claimants during implementation.

2.111 That interest-group claims on projects will sometimes not be made until implementation does not always act to the detriment of a project. During the execution of an infrastructure project in a poor neighborhood, for example, strong groups or individuals may be favored by changes in design that allow supply by a certain favored manufacturer; a contract may be awarded to the firm offering the highest bribe. This can happen without necessarily causing the project to slow down or come to a halt, and without necessarily causing the diversion of project benefits to other than the target group.

2.112 The attention not paid to a project by interest groups during negotiation will also, in some cases, turn out to be a help. Projects that are likely to arouse opposition from a certain interest group, for example, may actually turn out to be not that objectionable when they are under way. The group may feel that it must oppose the project in principle if its opinion is sought; or it may find that the project turns out to be not as bothersome as it was expected to be. Attempts to provide bank credit to tenant farmers during

^{1/} A farm-size analysis of a sample of loans under a previous phase of this same project showed that though smaller loan sizes were associated with smaller farms, there still were many large farms taking small loans, as well as some taking loans above the agreed-to ceiling. This meant that the loan-size ceiling was not highly effective in limiting the credit to the target group.

implementation of some of the Bank's Northeast-Brazil projects initially aroused the opposition of these tenants' landlords; the customary credit dependency of the tenant on the landlord had been a significant ingredient of the monopsonistic power held by the landlord over the tenant. During the implementation of these projects, however, some landlords were experiencing cash shortages and thus were faced with the possibility of losing their tenants to landowners who could supply credit. Given these circumstances, some landowners chose to permit their tenants to obtain project credit directly from the bank in order not to lose them. Not only did these landowners no longer oppose the project, but some even brought their tenants to the local bank in truckloads. It would have been difficult to predict, at the time of project appraisal, that this opening in elite sentiment was to take place.

2.113 If it is true that interest groups pay greater attention to the implementation phase of projects, and throw their weight around more than, this suggests that the Bank might do better to redirect some of the time spent in the appraisal phase of the project cycle to the implementation phase. Currently, a large share of the time spent by the Bank with its projects falls during appraisal and negotiation--as is the case with most organizations under commitments to fund a large number of projects in a given time period. Because engagement with interest groups will take place only during implementation, however, it really will not be known until that time what part of the agreements made will actually be able to be kept.

2.114 Spending more "appraisal" time with projects during implementation is advisable for other reasons. Briefly, the nature of rural development projects is such that no matter how carefully the project is appraised, there are still many uncertainties about how it will unfold and what it can do--in addition to the unpredictable form and impact of interest-group activity. This means that careful "appraisal" activity may have a considerably greater impact on the quality of a project during implementation rather than before.

III. DESIGNS OF RURAL PROJECTS FOR THE POOR

3.01 Comparing the new rural projects to their urban counterparts has shown that the rural projects tend to be high in redistributive problems and, as if that were not bad enough, low in interest-group support. The problem is not completely without remedy. Some approaches will now be suggested to turning it around.

3.02 One obvious implication of the urban-rural comparison for the design of new-style programs is that the Bank's infrastructure investment might better be concentrated in the urban program. Urban conditions, it has been seen, present one of the rare opportunities to make infrastructure projects benefit the poor directly. Though an increased share of infrastructure investment in new-style urban projects would increase the share of poor beneficiaries in the Bank's total portfolio, of course, this would do nothing to sharpen the poverty focus of projects in rural areas, where a majority of the world's poor will continue to live for some time.

3.03 On a more optimistic note, the urban-rural comparison also suggests ways in which the new rural projects might be improved. Mainly, the designers of rural projects could attempt to simulate the spatial separation and concentration of the poor that is so advantageous to the urban projects. One way to do this would be to choose activities that do not involve or attract the non-poor. Though one might not get the sharp separation of poor and non-poor that is possible in urban projects, one can at least find some services that are less attractive to the rural elites than are others. Assistance and credit for crops or crop varieties that are produced only by the poor and are held in low status by the rich is an example.

3.04 The Bank's experience in Northeast Brazil provides an excellent example of a low-status crop. A certain variety of bean in that region belongs only to the rural poor--in consumption as well as production. The other bean is preferred by higher-class rural and most urban consumers; it tends to be produced by medium-sized, more commercial farmers, who are likely to plant the crop in pure stands rather than in association with other crops. Because of the higher-class and urban preference for the latter bean, it is referred to as "the noble bean." The extension services in the Northeast have tended to promote production of "the noble bean," even in new-style Bank projects, because of the higher price and the urban preference for it; at times, they have recommended against and denied credit for production of the "poorer" bean. Though there may be some good reasons for this policy, it also represents a missed opportunity for protection that could be provided to the project by financing a "lower-class" activity in which the better-off are not interested.^{1/}

^{1/} It is not clear whether the noble bean is the more optimal choice for poor farmers. Though it fetches a higher price, it is less hardy than the poorer bean, does not do so well in the typically interplanted stands of peasant farmers, and is not consumed by them.

3.05 Choosing the poor man's crops and activities, of course, is not a foolproof strategy for keeping the elites away from a project. If the chosen crop suddenly becomes quite profitable as a result of project attention, then the rich will soon be attracted. There will be a point at which even the worst status associations of a crop will be overwhelmed by attractive price movements. The history of soybean development in the United States is an example. The prospects of using manioc (cassava) to produce gasohol on a large scale in Brazil have resulted in concerns of this nature, since manioc is now produced mainly by poor farmers in that country. Protecting projects with activities that are undesirable to the rich, then, is a strategy with certain limits.

3.06 Another approach to diminishing the latent redistributive problems of the new rural projects, and their enervating effect on project execution, is to choose projects that will benefit mainly the poor even when the rich cannot be excluded from their benefits. Projects that provide a service that is impossible for any one group to monopolize would fit this criterion. First off, one thinks of infrastructure projects like roads, where "consumption" by one user does not leave less left over for others. As indicated above, however, roads and other such "public-goods" projects tend to produce diffuse, if not concentrated, benefit distributions in rural settings. There may be other types of projects that are not easily monopolizable, like roads, but at the same time do not have concentrated benefit distributions. Certain types of decentralized rural health projects might fit this description; even if the elites get all the care they want from a local health post, that is, there may still be enough left over for the poor.^{1/}

3.07 The "non-monopolizable" approach to targeting projects on the poor is quite different from the attempt to exclude elites by formal criteria. Ceilings on income, assets, or loan sizes are common examples of such excluding criteria in new-style projects--or, at least, of the specification of who the beneficiary is hoped to be. As noted above, however, such formal exclusionary criteria do not work well for services desired by groups that are more powerful than the intended beneficiaries. That is why it is important to look for better mechanisms for reaching the poor. Providing a non-monopolizable service is one such approach; it is not necessary to even try to keep the elites away because the service is such that it is not possible for a few to make off with most of it.

^{1/} I cite this example with great reservation, since local elites can appropriate free medical supplies above and beyond what they need, in order to illegally sell them. If such supplies are abundant, the result may not be that bad for the poor--they will get the medicines, though at greater cost than was intended. If supplies are scarce, however, elite consumption may indeed exhaust these supplies--or they will be rationed off in fairly rapid order to a relatively small number of persons at a high price. The subject, clearly, requires further investigation.

3.08 Another way to separate out the poor from the nonpoor in rural projects is to choose projects to finance according to where one finds executive agencies that are supportive of poor-oriented programs and have some power. One can also look for units of this nature within agencies. Following this rule of agency choice might sometimes involve finding a supportive agency first, and then defining an activity consistent with the capabilities and past activities of that agency. The elites will have less easy access to such agencies, not having established themselves as their traditional clients.^{1/} Agencies with an already demonstrated interest in poor-oriented programs will be more aggressive in protecting their services from diversion away from their client group, the poor.

3.09 The important role of commitment by local agencies has been pointed out in the literature on U.S. domestic programs.^{2/} The Browning study of U.S. poverty programs in ten Northern California cities, which received federal funds for expenditure on the urban poor, found that the best predictor of the extent to which these federal funds actually led to increased public investment in poor neighborhoods was the degree of local-government support of these goals as demonstrated prior to receiving the funds. In another study of U.S. federal programs carried out by local governments, Derthick (1976) described how the federal government generated support for some of its poverty programs by creating "organizational allies" at the local level (pp. 234-5). The local agency tends to become an advocate of the federal program, especially if a large part of its funding comes from that program. The public stance of the local agency in favor of the program, in turn, serves as a focal point around which local supporters can rally.

3.10 The relationship between central and local governments in the Bank's rural projects is quite similar to that of the U.S. poverty programs. With large amounts of funding, that is, the central government (and the Bank) are trying to get local entities to do things differently. As noted above, moreover, some locally powerful groups are likely to perceive these desired changes as threatening to their power. For the new-style projects, then, supportive local agencies are particularly important for successful project implementation because one knows in advance that certain influential groups will not be committed to the new program goals--and will be interested in diverting the program toward their own ends once it gets started.

^{1/} A study of several new-style rural projects in Central American countries, financed mostly by the U.S. Agency for International Development, found that the agencies that were more successful in serving large and small farmers simultaneously were those with internally-differentiated structures--i.e., with separate offices for each of the two types of client (Ickis 1979).

^{2/} See, e.g., Browning, Marshall & Tabb (1979), Sabatier & Mazmanian (1979), and Derthick (1976).

Poor retreats to backward places

3.11 Rural projects, it has been argued in the recent literature, tend to have more egalitarian benefit distributions in areas with less unequal landholding distributions.^{1/} This hypothesis suggests another way of simulating the poverty-focusing attributes of urban projects. A more egalitarian or "unimodal" landholding distribution, that is, means that there are relatively less extremely rich and powerful landholders around than there are in areas with more unequal landholding patterns. A unimodal distribution of land, however, also means that there are less of the poor around--at least in relation to the numbers of medium-scale or "upper" peasant farmers. Rural poverty, that is, often goes hand in hand with land concentration. Simulating the urban separation of the poor by choosing unimodal project areas, then, could turn out to limit considerably the number of potential project areas that have large concentrations of the poorest poor. This would vary, of course, from one region to the next; the unimodal criterion would be less constraining in Asia than, say, in Latin America.

3.12 Less concentrated income distributions are not only characteristic of areas that have experienced a long history of unimodal development. These patterns will sometimes also be found in the more backward, less accessible areas of a country. The greater equality of income distribution in these remoter areas results partly from the lack of previous infrastructure investment, which has restrained the growth of wealth-accumulating activities, land accumulation, and the increases in land values that typically accompany such growth.^{2/} Landholding patterns may sometimes be at least as concentrated in these remoter areas, at least on paper. But the greater economic attraction of the more accessible and developed regions means that those holding land in the remoter areas are more likely to be absentee; they will be less concerned about interim squatter use of their land and, indeed, will often see squatting and loosely-controlled tenancies as a way of clearing and obtaining some return from the land while paying minimal attention to it.

3.13 Tenants who are evicted from lands in the more developed regions--and smallholders who cannot make ends meet on their small plots--often migrate to the more distant areas because of their lower rents and land prices. The poor, in other words, are attracted to the more distant areas for exactly the reasons that the rich are not--the lack of attractive investment opportunities and the difficulty of access. This is what keeps land prices reasonable for the poor and spares the area from aggressive land buying, with its typically coercive methods of displacing small owners. In economic terms, one might characterize

^{1/} For one of the first and most carefully argued discussions of this hypothesis, see Johnston & Kilby (1975).

^{2/} One sign of the greater income homogeneity of the remoter regions is that agricultural credit portfolios in these areas tend to be less concentrated in large loans. Because of the lack of larger clients and attractive investment activities, the credit tends to be spread fairly evenly among the quasi-subsistence farmers.

this migration of the poor to remoter areas as "perverse"--since it is in response to the lack of opportunity, rather than the lure of it. The "perverse" migration phenomenon results in a concentration of the rural poor away from the elites that is somewhat similar to that found in cities, though not as clear-cut.

3.14 Putting rural projects in more egalitarian places, then, can also mean putting them in places that are less blessed with development or potential for it--places that are behind the development of adjacement regions. Though this criterion might increase a project's chance to have a greater impact on the rural poor, it would also conflict with the way the Bank goes about choosing the places to put its rural projects--i.e., where the possibilities for growth and productive investment are thought to be the greatest. Urban projects, it should be noted, do not face this dilemma. Because of the high population density of the urban poor, their concentration and isolation go together with high returns to project investments.

Rural sites and services

3.15 The greater remoteness of the type of region described above is not necessarily an unmitigated problem. In some ways, the remoter areas are akin to frontiers of spontaneous colonization, though less dramatic and sweeping; they are also analagous, in project terms, to urban squatter settlements before they get investments in sites and services. Settlement of these regions by the rural poor often turns out to be the first step in a process that brings on, in time, yet another era of increasing hardship and eviction for peasant farmers. The richer regions grow out from their periphery into the remoter ones, and the same process of increasing prices and scarcity of land takes place again. 1/

3.16 One role for the new rural projects could be to turn the above process around--to get there before the rich have arrived instead of, as now occurs in the regions where investment opportunities and returns are higher, after. 2/ In this type of setting, the role of rural projects would be somewhat analagous to that of urban sites-and-services projects--i.e., the poor would be assisted in doing what they do anyway; with land-titling and poor-oriented support services in addition, they would be protected from the coming onslaught of the rich.

1/ In some cases, the exploitation in the remoter region takes place from the start. The initial immigration of poor squatters is actually promoted as a cheap way to get the land cleared for eventual large-scale operations.

2/ An analagous argument has been made recently for "early" agrarian reform in Adelman (1979). In a study of the history of private colonization projects in Brazil, Katzman (1978) found that the successful projects were located on undeveloped lands that were near the expanding coffee frontier yet, at the same time, far enough away that the projects did not arouse the interest or concern (for losing labor) of the wealthy coffee planters.

3.17 Projects tailored to these objectives might be only marginally different from the current new-style rural projects; the difference, however, is significant. The current projects, as noted above, have agricultural investment and productivity at their core; in contrast to the urban sites-and-services projects, their success is dependent on getting the poor to do things differently--i.e., to abandon their "traditional" inputs and planting practices in exchange for more "productive" ones. Projects in the remoter areas, instead, might give a more central place to the much-maligned infrastructure investment--mainly roads. The new-style accretions to such "old-fashioned" infrastructure projects could be land-titling services and, of central importance, access to credit. 1/ Labor-intensive construction techniques might also be used in order to give temporary employment to the new migrants while they were breaking the land. Rural projects of this nature, then, might be able to simulate various advantages of urban settings for new-style projects--a distancing of the elites, an ability to focus infrastructure benefits on the poor, and the mobilization of a "building agency" in support of project implementation.

3.18 To the extent that support services for agriculture would also be part of projects in remoter areas, their introduction at such a "premature" time would avoid one of the problems of the present new-style projects--that of cajoling agencies with large-farmer clients to turn their backs on these traditional clients in order to serve the new, poorer ones. The agencies in backward regions, that is, would have less of an entrenched large-farmer clientele. 2/

3.19 The type of project intervention being outlined here is not, it should be noted, colonization. It is a more marginal type of intervention in areas where development is threatening to spread, heralded in part by the "perverse" migrations of the poor; it might be seen as a result of the lessons learned from the failure of colonization projects, as well as being a variation on the Bank's current rural projects. In this sense, the suggestion is akin to the evolution in urban thinking from building completely new housing for the

1/ A study of private colonization projects in Brazil found that even those that were highly successful in achieving an egalitarian pattern of small landholdings eventually turned out concentrated. The catalyst of the trend to concentration was that banks would not provide production and investment credit to the smaller colonists. They were ultimately forced to sell their land to larger operators who had access to this kind of financing (Katzman 1977).

2/ Agricultural extension offices in the Bank's rural projects in Northeast Brazil have tended to be more successfully oriented toward poorer farmers in the remoter regions, where the extension service has had a shorter history.

urban poor in completely new places ("colonization"), to providing investments and services in places where they already are, or are soon expected.^{1/}

Investment in the social sectors

3.20 I had suggested in a previous section that projects in the social sectors of health, nutrition, potable water, and education might be less likely to arouse elite opposition than projects meant to assist the agricultural production of the poor. Under some conditions, the social-sector projects may also be less monopolizable than the services of production-oriented projects.^{2/} If successful, as explained previously, the production projects arouse opposition because of the likelihood that they will decrease the monopsony and monopoly power of landowners over the rural poor. The non-production projects, of course, will also allow the rural poor to be less dependent on landlord beneficence and, in this sense, will also diminish the power of the landlord over the peasant. But this impact will work itself out only over a longer run, and will not be perceived as so directly threatening as the production projects. As noted above, moreover, some landlords will welcome the opportunity to diminish obligations to their peasant clients; although others will not welcome the change, the dividedness of landowner reaction will make opposition to such programs less unified and strong.

3.21 Though social-sector projects for the rural poor represent less of a threat to the elites than projects touching on agricultural production, it is the very absence of this direct link between social projects and agricultural production that makes them less appealing to the Bank. The social projects, in sum, may have a harder time eliciting justifications and commitments at financing levels; but once they get going, they may have an easier time politically than the output-increasing projects.

^{1/} Katzman's work on successful private colonization projects in Brazil (1978) would serve as a good primer on how to design a "rural sites and services" project. Four findings of his study that are quite relevant to the design of the Bank's rural projects are (1) the quality of rural services was purposely kept modest, so that they would fall within the ability of settlers to pay; (2) the colonization company paid off multiple holders of dubious land claims as the only way of granting secure tenure to small purchasers, thereby making investment feasible; (3) mortgage terms were short (three years), but were still the best available to smallholders in Brazilian history; and (4) road and railroad development was incremental, each addition being financed by the land sales of the previous time period; the surveying, construction and financing of each "piece" were coordinated.

^{2/} Again, this suggestion can be made only with great reservation. More investigation is necessary to determine the conditions under which such projects would, indeed, be less monopolizable than the production projects.

3.22 Though the social-investment projects may in some ways be more desirable for reaching the poor, the agencies responsible for these sectors in third-world countries are typically the weakest institutional actors in the rural sector. Unlike infrastructure projects, the social projects have less to offer to supplier and construction interest groups; and unlike the old-style agricultural projects, the social projects do not service a distinct and powerful client who will pressure effectively for their continuation. Finally, the long-term productivity impact of the social-sector investments--in increased length and quality of productive life--is usually not considered a sufficient enough justification for such investments in rural areas, as discussed above, though it is more accepted for urban areas. Similarly, the equity justification for making such investments is stronger for the urban projects of this nature than for the rural ones. In the urban case, one can simply say that poor neighborhoods are going to be provided with what rich neighborhoods already have; whereas in rural areas, one is frequently starting from scratch in the health, education and water sectors, which makes it difficult to argue the urban-type equity case and leaves the long-term productivity argument to stand on its own.

3.23 This description of social-sector projects in rural settings helps to explain not only why the executing agencies tend to be weak, but also why such projects have not captured a greater share of the Bank's new rural lending--despite a unique suitability, in certain ways, to the task. The weakness of the agencies carrying out social investments in the rural sectors, in other words, contributes to a vicious cycle. That the justifications for social-sector investments in rural areas are not as strong and accepted as they are for the same investments in urban areas--or for agricultural-production projects in rural areas--is itself a result of the weakness of these agencies, as well as its cause.

Weak agencies and strong ones

3.24 The Bank's recognition of the importance of social investments in the new rural projects has taken the form of enlarging the agricultural projects to include components such as health, education, nutrition, potable water and, in a few cases, land titling. Incorporating the hitherto neglected sectors in this way, unfortunately, may actually perpetuate the weakness of their executing agencies and the inefficacy of their past efforts in rural areas. In the new rural projects, that is, the "production" agencies remain the key actors in project execution, managing the largest single share of project funds and receiving the most institution-building attention from the Bank. During project identification and appraisal, the new-style components will often receive "compartmentalized" and less central attention; a health, education or water specialist from the Bank mission often "disappears" for some days into the relevant agency, while the rest of the mission hammers things out together day after day with the agricultural-production agency or agencies. The social-sector specialist may do his work completely before or after the journey of the Bank mission, often alone.

3.25 One might expect that the weaker agencies in an integrated project would require a more-than-proportionate share of institution-building funding

and attention, in order to provide them with the strength necessary to carry out their part. Giving them a larger share is politically difficult, however, in a project that throws strong and weak agencies together. Though the weak would welcome a disproportion in their favor, the stronger will not let it happen. Their very strength makes it unnecessary for them to participate in a project in which they will play less than a central role. The weaker agencies, in turn, clearly perceive their subordination to the stronger entities in the project design. As a result, they often prefer to concentrate their efforts on activities completely within their control, and will short-change their commitments to the project. Understandably, they will give their lowest priority to the program that requires cooperation with and concessions to a stronger rival entity. The key role of the stronger agency in the project, after all, will enable it to make off, ultimately, with the lion's share of the credit and the bureaucratic power resulting from project execution.

3.26 The lack of coordination between executing agencies is routinely cited in Bank reports as a major problem of project implementation. From the perspective being discussed here, the coordination problem takes on a different light. Lack of coordination, that is, seems to be perfectly rational behaviour, to be expected by agencies trying to protect their bureaucratic power, or build on it. Making project implementation dependent on increased coordination, then, would seem to increase accordingly the difficulties of project implementation.

3.27 The adversary character of relations between local government agencies carrying out integrated projects has been recently recognized in the United States, where labor-style professional mediators are now being used experimentally to arbitrate discussions between agencies about integrated projects, mainly in cities (Herbers 1979). Tested negotiating methods of arbitrating labor-management disputes are being employed in these discussions between agencies, as a way of coping with the need for and lack of coordination between them. The approach arises out of an explicit recognition of "the element of competition and adversary relations" between the different agencies that participate in integrated projects.

3.28 The integrated approach to new-style projects, in sum, may make the task of reaching the poor even more difficult than it is. Adding social investment agencies to stronger agricultural ones, that is, may simply perpetuate the weakness of social agencies in the countryside relative to the production ones. Yet the types of projects that these weaker agencies do may be particularly amenable to poor-focused implementation.

Inviting elites into projects

3.29 Another approach to the problems of the new rural projects is to include something in them for their potential opponents, the rural elites. This may neutralize their opposition, and perhaps enlist their power in support of the project. In a sense, the Bank already does this in its integrated rural development projects--not out of a felt need to tone the opposition down, but because of the way the new projects evolved out of the old ones. The new projects, as noted above, have added poorer beneficiaries and some new poor-oriented sectors and agencies to an older core of agricultural-production services and agencies. As a result of this additive process, some agricultural credit for larger farmers may be "left over" from the old-style ways; or the research budget will still include a large-farmer crop; or credit will be available for an investment that in reality can be undertaken only by larger farmers, such as irrigation or livestock schemes of a certain scale. To exclude these items, or bear down too heavily on them, arouses the resistance of the executing agency, let alone the former beneficiaries.

3.30 This gradual approach of the new rural projects to redirecting the activities of public-sector agencies to poorer groups seems reasonable, given the importance of not arousing elite opposition and of winning the support of the executing agency itself. The token recognition of the old program and its old client in the new program, however, is a double-edged sword; the old clients often end up spreading into and taking over the new program--simply because of their greater power, organization, and class affinities with those who work for the executing agencies. This tendency for elite interests to gradually dominate or divert programs for the poor is not peculiar to the Bank's projects, and has been noted in widely varying contexts.^{1/}

Loosely-coupled elite components

3.31 The literature on organizations provides some idea as to how the problem of giving something to the elites might be approached in the Bank's rural projects. Organizations are said to respond best to conflicting demands made on them from outside by "diversifying." Dissatisfied groups in an organization's environment, that is, can be dealt with by creating an organizational unit that is added on in a way that involves considerable independence, or looseness of coupling, between that unit and the rest of the organization.^{2/}

^{1/} For example, Thomas (1974b) documents the tendency of employment-generating public works programs in third-world countries to become less labor-intensive, as pressures of equipment contractors make themselves felt; he names that tendency "the law of program mutation." Browning, Marshall & Tabb (1979) comment upon the "spread effect" in the U.S. Model Cities program, whereby investments by cities with federal grant monies intended for poor urban neighborhoods became less and less concentrated in those neighborhoods as time went by. A classic history of increasing appropriation of the benefits of a regional development project by rural elites is Selznick's study of the U.S. Tennessee Valley Authority (1949).

^{2/} The argument of this and the following paragraph is paraphrased from Pfeffer & Salancik (1978).

3.32 Meeting the demands of unsatisfied actors in the organization's environment with a loosely tied-in unit will minimize the effect that such a concession will have on the rest of the organization. It will allow for only minimal influence by the new unit and its new clients on what the rest of the organization does. The relative autonomy of the new unit or activity will also make it possible for the organization to calm down the opposition somewhat without having to actually reconcile the conflicting groups and their demands. The distinctness of the new activity and its minimal connection with the organization of which it is a part, in sum, will help contain the effect on the rest of the program of making a concession to a powerful and unhappy contender.^{1/}

3.33 The diversification approach to dissatisfied groups in an organization's environment is illustrated in the Pfeffer-Salancik discussion with cases involving the demands of previously powerless groups that can no longer be ignored--irate consumers of a company's product, students demanding a voice in university policy, factory workers demanding a voice in plant management. The Bank's rural projects represent the opposite case--where an organization wants to ignore included and powerful groups in order to give a more central place to previously excluded groups. Obviously, the diversification tactic is fraught with some danger in this latter case; it will be more difficult to protect the organization from the new and dissatisfied group or its unit, no matter how loose the coupling is, if this group is powerful and was previously more central to the organization--than in the case where the "bought-off" group is newly empowered and being let in for the first time.

3.34 The design of the Bank's new rural projects has the effect of inviting in the dissatisfied and powerful groups in a way that is exactly opposite to the diversification approach outlined here. To add poor clients to old elite ones in the same program or same agency, that is, amounts to taking the lamb right into the lion's den. The diversification approach, in contrast, would house the lion in a separate den, with sharply diminished access to the lamb. Concessions offered to the elites, that is, should be as organizationally separate and independent as possible.

3.35 A "cooptation component" for the elites, according to this approach, might not fit neatly into a functional, non-overlapping division of project tasks between executing agencies. Instead of allowing large farmers to participate a little in a new-style line of credit, for example, one might open _____

^{1/} A considerable literature has emerged over the past decade in praise of loose coupling--particularly for the kinds of broadly-defined tasks and uncertain task environments involved in development projects. See, e.g., Simon (1969), Glassman (1973), Landau (1969, 1973), and Weick (1976), in addition to Pfeffer & Salancik (1978). Only one advantage of loosely-coupled design is discussed here in the text.

up a line of livestock credit for them in another bank. Large farmers seeking small-farmer credit for which they are ineligible can be advised that there is funding for them at another bank. An agricultural research project that attempts to shift the focus of existing research toward small-farmer crops, as another example, could finance some research on crops of large-farmer interest, but in another research entity. These arrangements will keep the small-farmer program protected from "spread" by the large-farmer one and, at the same time, will deflect some of the inevitable large-farmer demands for increased attention into other areas.

3.36 As a final example, a small-farmer seed-supply program might be placed in an extension agency already working with and committed to small farmers, rather than in the more functionally logical place, the government input-supply agency. The latter agencies are often dominated by large-farmer interests, and it is difficult to overcome the built-in incentives for these agencies' sales agents to supply large farmers first and exclusively.^{1/} Such an organizational placement of the input-supply task would be challenged on the grounds that extension agencies have enough work to do without handling inputs, and that buying and selling inputs is not what they are set up to do. But in the new rural projects, extension agents frequently spend considerable time trying to convince the agents to wait on small farmers, pressuring the state input agencies to make the promised deliveries, and trying to make up through their own efforts for shortfalls in the availability of expected inputs. Evaluations of extension projects inevitably turn up stories of dedicated extension agents who, in frustration, arranged for and financed the purchase of inputs for their small-farmer clients out of their own money. Since extension agents end up spending considerable time on input-supply anyway, this time might be more efficiently and effectively spent if they had formal control over the inputs.^{2/}

3.37 The placement of project tasks in the above examples could be criticized as being organizationally messy and redundant. The literature on organizations, however, has suggested that organizational neatness and lack of duplication have little intrinsic merit, especially for certain types of projects and environments.^{3/} In particular, organizational redundancy has been shown to

^{1/} The incentives result from the greater attractiveness of bulk sales to such agencies and the fact that their agents often earn a commission on sales volume; also, large farmers can make an agent's life unpleasant if inputs are not available in the quantity and at the moment desired.

^{2/} The input-supply example, of course, is the reverse of a "cooptation component," since it deals with the organizational placement of a small-farmer component rather than an elite one. It is offered here, nevertheless, to illustrate the general importance of keeping small-farmer and large-farmer activities apart as a way of coping with certain kinds of problems--and of not being concerned about any resulting duplication of functions between agencies, or the assignment of tasks to one agency that seem to logically fit with the other.

^{3/} This argument was first made in Landau (1969); see also Caiden & Wildavsky (1974, pp. 49-63).

be effective for tasks that are complex and difficult and for which obvious and tested approaches are not available. These are precisely the kinds of tasks confronting the new rural projects.

The Bank style and loose coupling

3.38 On the surface, the results of the loosely-coupled approach might not look very different from the Bank's existing integrated rural projects, with their myriad sectoral components and executing agencies. The difference, however, is crucial. In order for the proposed strategy to work, that is, some of the components and agencies under the proposed approach would have to be unintegrated. Attempts to integrate a large-farmer activity or entity would only open up opportunities for control by the more powerful clients and their executing agency. In this sense, then, the tight coupling between the parts of a project--basic to the integrated approach--results in greater vulnerability of the poor-oriented part of the project to incursions by its more powerful clients. Ideally, of course, one would prefer not to let the powerful groups in at all. But experience shows that they sometimes can be more damaging to a project when they are left completely outside, or included in a tightly-coupled way.

3.39 Unintegrated and diversified rural projects are not so inconsistent with the Bank's way of doing things as one might think. The multi-agency, multi-component approach is actually a hallmark of the new-style projects, though it was adopted for reasons different than those suggested here. The re-arranging of some component parts in an unintegrated form would also help the Bank to reach the rural poor better without at the same time reducing project size or slowing down execution; such reductions or slowdowns are characteristic of some of the other approaches proposed to improve the capacity of rural projects to benefit the poor. This size-maintaining or size-increasing aspect of the unintegrated-diversification approach is important, given the higher costs of the new-style projects to the Bank in terms of staff time spent per dollar committed, and the scale economies that are characteristic of all projects--i.e., decreasing unit costs in terms of Bank inputs as projects size increases.^{1/}

3.40 One might argue that the Bank's projects are already unintegrated and diversified as represented by its whole portfolio in any particular country--new style and old style, rural and urban, infrastructure and services. But in terms of protecting a project from encroachment of the elites, the effect of a varied portfolio is not the same as that of a varied project. Though funding of large-farmer research or livestock credit in separate loans may, in the aggregate, equal that going to new-style projects, the elites in the area of a new-style project will not perceive this aggregate balance as a compensation to them for their exclusion from the project in their

^{1/} A study of the Bank's rural development projects in sub-Saharan Africa suggests that the pursuit of scale economies may cause some sacrifice to project outcomes. Larger project size, that is, tended to be associated with lesser project success.

area, or for its adverse impact on their power. The definition of new-style projects along areal rather than sectoral lines makes it possible to conceive of identifying and coopting the groups in a project's environment that will make the most trouble for it. The area approach, that is, is based on the contention that one must "attack" development on all fronts. This accommodates easily to the addition of new fronts that are not necessarily in strict complementarity with each other--in this case, for the purpose of balancing the elites and the poor within a project, rather than between them.

3.41 If rural-elite components were added to new-style projects, they would not be burdened by the equity-without-growth dilemma because they could be justified on purely output-increasing grounds. This may be one of the few advantages that new rural projects have over the urban ones: the rural projects can incorporate powerful troublemakers into project design without violating any concepts of project justification. A project to improve squatter settlements, in contrast, could not very easily justify an enlargement of the project with investments in some wealthy neighborhoods; the latter are far from the project area and there is no equity or efficiency logic for including them. Though the output-increasing framework of the new rural projects creates problems in some ways, then, it also makes it possible to buy off the project's opponents and still maintain some integrity in project design.

3.42 The anticipation of rural-elite opposition, and the buying off or distracting of that opposition with a place in the project, is a way of smoking out the opposition earlier in the project cycle than it usually appears. In this sense, such a move can be seen as an attempt to shift some of the expected interest-group pressure on a project from the implementation to the planning stage--to bring it out into the open, meet it head on, and make it a little less unpredictable. Because interest groups are usually content to wait until implementation to make their desires known, as discussed above, this strategy could also be counterproductive. The potentially opposed groups might react vigorously against a project during its planning--rather than sitting back until implementation--upon learning through cooptation overtures exactly what the project is up to. The advisability of and need for such a strategy, then, will vary considerably from project to project, depending on what the project intends to do, how much it intrudes on the domain of the elites, how able and willing the government is to back that intrusion, and what the existing power relations are between elites and the poor.

3.43 Some types of project interventions and environments, of course, will simply not be suited to the cooptation strategy. Large landowners, for example, will not be diverted with a line of livestock credit from their opposition to an agrarian reform. 1/ Bank projects, of course, are less starkly

1/ The example is not as far-fetched as it may seem. A Bank livestock loan to Honduras during an agrarian-reform period in the early 1970s was looked at by pro-reform government ministers as a way of pacifying the livestock ranchers, who were among the most vociferous opponents of the reform. (It was not only the livestock credit that was expected to mollify the ranchers but, more important, an accompanying amendment to the reform legislation that would exempt credit-takers under the Bank project from expropriation.)

redistributive than agrarian reforms. In the case of agrarian reform, moreover, political commitment would have to be so strong that the cooptation strategy in the form of a project component might not even be necessary. The strategy, then, is meant for projects where interventions are less aggressively redistributive, and where political commitment to redistribution is only mild.

Rural projects and their constituencies

3.44 The redistributive and interest-group problems of the new rural projects might also be alleviated by means of interest-group support from among the project's beneficiaries, the rural poor. Though such interest groups are often weak or non-existent, there are cases where they do exist and have had some influence; peasant groups in Colombia, for example, were actually strong enough to take a stand against the government's integrated rural development projects, some financed by the Bank, on the grounds that these projects were being presented as a substitute for agrarian reform (de Janvry 1982).

3.45 There are various reasons why more attention should be paid to the matter of constituencies for the new rural projects. The non-rural or older-style rural projects, as noted above, have tended to directly benefit or provide business to strong, established groups. The pressures of these groups, in turn, have been important in helping projects get executed and in making sure that they reached those they were meant to benefit. What was important about this pressuring was that the Bank did not have to do anything to set it into motion. This is somewhat different from the case at hand. If a new rural project is to reap the organized pressures of its beneficiaries, that is, the possibilities for organizing and pressuring will have to be very much in the project designer's mind.

3.46 Finding a new-style project constituency does not mean that the project will have to create or strengthen constituency groups. It may be sufficient to consult with existing groups during identification and appraisal, in order to find out what kinds of project services and investments would elicit their interest; they could also be consulted as to a role they might play in project execution. ^{1/} For the projects that serve more powerful constituencies, this kind of consultation has been less necessary. Government managers are more familiar with the preferences of these groups, partly because they are closer to them in class background; certain standard approaches to project design have usually been worked out, with which constituency groups are in agreement. The preferences of the rural poor, in contrast, are not standard currency. Deliberate efforts to find out about them, therefore, will be required.

3.47 The importance of supportive constituencies in making government programs work has been emphasized in the recent U.S. literature.^{2/} The paramount

^{1/} An example of such a role would be the monitoring by organized peasant groups, on a contract basis, of the adoption of agricultural inputs and practices promoted by the project.

^{2/} E.g., Sabatier & Mazmanian (1978).

advantages of these outside groups, it is said, is the constancy of their self interest, which will provide continuity to the execution of a program that no "inside supporter," like the Bank, could ever provide. An organized supportive constituency will be particularly useful for project implementation, it is said, when commitment of the implementing agency or government is half-hearted. If there is no such supportive group, this literature suggests, then it should be a major priority of the political supporters of a program to identify and mobilize one. Where strong support from implementing agencies is important but cannot be counted upon, moreover, formal mechanisms for supportive "intervention" by domestic constituencies have been recommended--in the case of the U.S., for example, citizen suit procedures, periodic reporting to sovereigns, evaluation studies by prestigious and independent outsiders, and perhaps special legislative oversight committees.

3.48 Half-hearted commitment to programs for the third-world poor is a common political setting for many of the Bank's new rural projects. Governments may express vigorous interest in such projects in advance, but they will not necessarily be willing to expend their political capital later on to enforce the redistribution of public services and subsidies that the project brings about. Implementing agencies for the new rural projects, moreover, are also likely to be ambivalent. As the projects are currently designed, the key implementing agencies are agricultural banks, extension services, or input and marketing entities--most of which have established themselves on the basis of the rural elites as clients. For this type of entity to start serving the poor is also to turn its back on these past relations and support systems.

3.49 The significance of client groups to the implementation of the rural projects has also been stressed by some recent evaluations of these projects. Participation by beneficiaries in the design and implementation of rural projects was found, in these evaluations, to be associated with greater levels of project success.^{1/} In these studies, however, participation is somewhat different from what is being discussed here. Whereas the studies look at the effect of bringing beneficiaries inside the project process, I am talking about beneficiary groups who, from outside the project, exert power to keep it on its path. The participation concerns of the studies are relevant to the point being made here to the extent that opportunities for beneficiary groups to participate in projects are a stimulus for such groups to form, or can strengthen and legitimize existing groups.

^{1/} DAI (1975), Cohen & Uphoff (1977), and Leonard et al (n.d.). The methodology of the DAI study has been challenged, though it was given a clean bill of health in an assessment of it made by Professor Jere Behrman of the University of Pennsylvania at the request of AID, the contractor of the study. The Leonard et al study involved a small sample of projects, and participation had positive effects only in the case of the production projects.

The Bank as sole constituent

3.50 Another reason to pay some attention to the organized poor is to take some of the burden off the Bank for being the sole organized "constituent" of its rural projects in the recipient country. On various occasions, government managers of Bank projects have appealed to the Bank to protect them from political pressures to divert a project from its path, to help them from being removed and replaced by a "political appointee," or to back them in a struggle to get certain political decisions made that would improve the project's ability to fulfill its objectives. In responding to these appeals, the Bank has often played an important role as protector of competent project managers. In the case of the new rural projects, such backing by the Bank has had the effect of strengthening government officials and project managers who were committed to providing public services to the poor. In this way, the Bank has acted as powerful constituency for reformist managers and policies.

3.51 The Bank would interpret its actions in these cases as routine project-protecting behavior--keeping "politics," that is, from disrupting the project. At the same time, however, the Bank's protective intervention at these moments also represents just the opposite: intervention on the side of the dedicated project managers is an exertion of the Bank's power in favor of the policies that the project embodies. In the recipient-country environment, this move is distinctly political because it is made on one side of a highly politicized issue--i.e., whether public expenditures and services should be redistributed from the rich to the poor. Even though the Bank sees its interventions as protecting a project from politics, then, it is the unique nature of the new rural projects that such interventions have an important political dimension as well. Intervening to protect the manager of a state electric-power company, in contrast, would classify more readily as sheer protection from politics and not, in addition, as participation in it.

3.52 With all the political power that the Bank has vis-a-vis borrowing countries--or is alleged to have--it is interesting that its attempts to swing its weight on the side of certain project managers or policies are often not successful. At these moments, it must be that the political power of the domestic forces on the other side of the issue--and matters of domestic politics in general--are more significant in determining the outcome than the power of the Bank. It is also interesting that when the new-style project managers are threatened with replacement or political disruptions of their projects, they appear to the Bank for help rather than to a domestic constituency. The domestic constituency, of course, is not available because

it does not exist or because it has not considered its fortunes to be linked to the project.^{1/}

3.53 When threatened project managers appeal to the Bank as the sole powerful constituent, in sum, they are doing so at a moment when the Bank's power may not be as great as that of domestic groups lined up on the other side of the issue. If there were a domestic constituency that would shout and complain in support of the project when its managers or policies were threatened, then the additional expression of Bank displeasure might be more effective, or not necessary at all. The domestic group and its pressure, moreover, would still be around after Bank involvement with the project had ended, thereby helping to diminish the typically high morbidity rate of agencies and programs set up by outside donors.

Cooperatives as constituents

3.54 At first sight, the suggestion that rural project designers look for constituent groups may seem to complicate even further a type of project that is already quite complex. But many rural projects are already engaged in a far more demanding task involving groups--namely, the formation of local cooperatives through which some project services are expected to be channeled. The hoped-for relationship of these cooperatives to their respective projects is considerably more intimate than the kind of group action that is being discussed here. Cooperatives and their smooth functioning, that is, are often projected as central to the supply of certain goods and services to farmers under a rural project. Thus the creation or strengthening of cooperative organizations for this role, as prescribed in some Bank projects, is more demanding of staff time and project resources than the constituency support described above.

^{1/} An example is the recent evolution of the peasant labor syndicates in Northeast Brazil. Though these groups are government-sanctioned in the corporatist mold, they have started to challenge government policy more openly with respect to the enforcement of land and labor legislation. These groups, however, have made no claims on the government's programs of integrated rural development projects in the Northeast (POLONORDESTE), a large part of which is financed by the Bank. The absence of demands by the syndicates regarding POLONORDESTE is remarkable, since the program represents one of the largest blocks of public investment in the rural Northeast over the last five years. Any demands that might be made by these groups regarding the design and implementation of the POLONORDESTE projects could certainly not be interpreted as more aggressive than the stands being taken today by the federations and confederations of syndicates on tenancy and land reform.

Consistent with these observations, syndicate leaders recently visited by members of Bank missions have tended to be in the dark about the POLONORDESTE projects. They did not seem to see the projects as areas of interest to them and, at the same time, they had never been consulted.

3.55 In contrast to the cooperative, the constituency group can play a supportive political role for a rural project without project management having to concern itself with the internal affairs of that group or the quality of what it does. The group need not have the organizational efficiency, skills, and sophistication required of cooperatives when the latter are used as conduits for project services. If a constituency group's leaders are low on literacy and skills--or even dishonest--the group can still play an important role in a project's support system. Rather than supply services itself, the group need only cause an existing supply of services, through its complaints and pressures, to be diverted in its direction. Given that project designers have been willing to take on the more difficult and rigorous task of organizing cooperatives that can themselves provide services, the encouragement of constituency support groups does not seem all that demanding.

3.56 The justification for including cooperatives in rural projects has to do mainly with the economics of scale, while that for encouraging constituency groups is political. Cooperatives, that is, are supposed to bring economies of scale to the management of new-style programs; the costs of providing state services to a multitude of poor farmers will be lower, it is hoped, if these services can be provided "wholesale" to local coops, thus relieving the state of the cost of attending each person individually. My argument for encouraging constituent groups, in contrast, is that such groups will pressure implementing agencies to carry out the project objectives envisioned. Why can't the two types of organizations and justifications be combined into one? Wouldn't coops providing services to project beneficiaries also evolve into interest groups supporting the project?

3.57 The experience of the Bank and other donors with cooperatives suggests that, in many cases, the expected economies of scale never materialize.^{1/} Cooperatives are often unable to provide services to the beneficiary group at costs as low as existing suppliers in both the private and public sector. Cooperatives in third-world countries may be peculiarly unqualified, moreover, to play a politically supportive role as domestic constituents of the rural poor and their projects. The cooperatives are usually run by rural elites, that is, or tend to end up that way because of the skills required for them to play their roles in projects as organizations supplying services. Only the membership, at best, will reach down into the poor.^{2/}

^{1/} For evidence and literature on the arguments in this and the following paragraph, see UNRISD (1971-1975), Tendler (1976b), and Stepan (1978).

^{2/} A Bank review of rural development projects in sub-Saharan Africa came up with similar findings on cooperatives. Cooperatives were less effective than village groups in getting inputs to farmers on time (though more effective in credit recovery), and were characterized by over-centralized management and inadequate farmer participation in decisionmaking.

3.58 Even when coop members and leadership are of humble origin, successful coops almost inevitably become exclusivist and take stands against the poor in order to protect and build on their gains as business enterprises. A typical example of this pattern is the tendency of successful production coops to use more and more outside non-member labor as opposed to member labor. This tendency is inevitable, as Stepan (1978) points out in reviewing the literature on this question, because the use of outside labor along with the restriction on new membership will help coop members to maximize their individual incomes. In many cases, the disgruntled outside workers will form a labor union in order to press upon "management" (the cooperative) their demands for better wages, working conditions, and chances of coop membership. Examples are the banana coops in Honduras (my own observation) and the sugar coops in Peru (Stepan 1978).^{1/}

3.59 In the Bank's new rural projects, an existing elite coop with no poor members is sometimes brought into the project with the condition that a sublayer of poorer farmers, to whom the project is directed, will be added to the ranks. To the extent that these coops succeed in broadening their reach to include the poor, they will represent a vertical cut through rural society, rather than the horizontal cut that defines class-based constituency groups. The interests they defend and pressure for, therefore, will not necessarily coincide with those of the rural poor.

3.60 When coops exert pressure on projects, it often takes the form of trying to get a monopoly position for their marketing or input-supply services. These attempts result, in part, from their difficulty in supplying project services at the prices paid and charged by existing suppliers. In the Bank's first new-style project in Northeast Brazil, for example, two coops were selected as intermediaries for part of the project's agricultural credit. The coops were important buyers and ginnerers of cotton in the project area. These coops subsequently campaigned against the state input-supply stores in their areas, which were intended to provide inputs under the project. For the coops,

^{1/} The Peruvian case, as chronicled by Stepan, represents the logical extreme--in terms of pitting the coop against the interests of the poor--to which such successful cooperative development can go. The sugar coops in Peru not only closed ranks against their outside workers, but they also had become strong enough to resist the government's attempt to force such an opening. (The coops, of course, had themselves been founded by the government through the expropriation of sugar estates during the Peruvian agrarian reform.) To break the impasse, the government promoted the formation of peasant organizations outside the coops. With government tutelage, it was hoped, these peasant groups would provide the political strength necessary to go against the coops' wills. (The hope was not fulfilled.)

the problem with the stores was that they were selling their farm inputs at prices lower than those charged by the coop. (The input-sale operations of cooperatives, though not necessarily financed by a project, are usually prized by the coop as their best money-makers.) Because one of the coops was run by an influential politician in the project area, as is frequently the case, the coop held a certain power over project decisionmaking regarding this particular matter and others. Including the coop in the project increased that power, enhancing its near-monopoly position as a buyer of cotton in the area by giving it control over a large new supply of agricultural credit.

3.61 The pressures that coops exert on projects, in sum, may have more to do with gaining favors for the coop as a business organization--and also for its elite directors--than with gaining attention for the poor. To the extent that coops are run by rural elites, their attempts to gain a place in a project may be contrary to the interests of the authentic beneficiary group. The inclusion of coops in a new-style project, then, may end up bringing rural elites right into a project in a way that gives them more power than is desirable. If elites must be given a piece of a new-style project, as discussed above, it will be better to do so in another way. For various reasons, then, the cooperatives used in the new rural projects may not be good choices as constituents for the rural poor.^{1/}

Monitoring and evaluation from without

3.62 Involving organized constituencies of the Bank's new rural projects in monitoring and evaluation is one possible approach to legitimizing these groups and inducing them to put their weight behind a project. Placing some monitoring tasks outside a project unit may also improve the quality of project monitoring, as well as strengthening constituent groups. Up to this time, the Bank's thinking about monitoring and evaluation (M/E) has focused on building institutional capacity for this function inside the project management unit.^{2/}

^{1/} There will be some instances, of course, where the coop's self-interest as a privilege-seeking business organization may actually coincide with that of the rural poor. The situations in which this is likely to be the case merit some study.

This discussion is also relevant to the village groups and associations that are promoted under the agricultural and health components of rural projects. To the extent that these associations are also vertical groups, like coops, they may constitute another force toward program "spread." The outcome probably depends on the type of service or activity of which the group is being organized and the social-political environment. As mentioned above, some services may be less appropriable by any one group than are others. In these cases, vertical organizations might play more constructive pressure-group roles in benefit of the target group.

^{2/} A recent Bank study of monitoring and evaluation in the Mexican PIDER project (IBRD 1979a) suggested the desirability of beneficiary input into monitoring and evaluation, though no design for accomplishing this task was proposed.

3.63 Project implementation is often sluggish or goes off track because of ambivalence within the implementing agency itself. One of the main causes of this agency ambivalence lies outside it--the resistance of local elites to a redirection of public services or to the giving up of power over their tenants--a resistance that gets reflected inside the implementing agency. As long as this outside cause of implementation problems does not go away, part of the solution to the problem of agency ambivalence will also lie outside the agency. Giving some of a project's monitoring or evaluation tasks to an outside group representing the rural poor can help to counterbalance this outside pressure on agencies from rural elites.

3.64 In one sense, the contracting out of some limited monitoring-evaluation tasks to organized constituent groups would not represent as radical a break from Bank practice as would seem. Members of Bank mission teams frequently seek out these groups and find valuable their opinions on what the beneficiaries want and on how a project is being received. Giving these groups some M/E tasks can be seen as a formalization of this custom of consultation. A formal contribution by such groups would also make up for the fact that the limited time of Bank missions keeps them from collecting as much of this kind of feedback as is desired.

Evaluation and public relations

3.65 Attempts to set up well-functioning internal M/E units in Bank projects have so far met with limited success. Project offices have tended to give low priority to M/E units, drawing away their staffs for tasks considered more pressing--mainly, the day-to-day business of keeping a project moving. To the extent that the M/E units are allowed to carry out their stated task, moreover, they tend to be used by project management for public-relations purposes, rather than as an aid for daily management. ^{1/} Project managers, that is, soon discover that their internal evaluations can tell some success stories. They grasp at these results for help in protecting the new project from the unfriendly moves that will inevitably be made toward it by outside bureaucratic and political actors. It is easy for the task of the internal M/E units to get transformed, then, from finding out what is happening to figuring out how to make things look good.

^{1/} The demands of the Bank itself on the M/E units may be at odds with the development of their usefulness for daily management. The Bank sometimes sees the units, that is, as sources of production data to meet its own needs to show adequate rates of return, and as a "basis for developing subsequent projects" (IBRD 1978b, p. 21). In at least one case, the executing agency objected to paying for an M/E unit on precisely these grounds. The benefits of such a unit, the agency argued, would accrue mainly to the Bank and therefore should have been financed by the Bank.

3.66 Finding out all the good things there are about a project may actually be as important to project implementation as formal monitoring and evaluation. A good public image may be central to the project's survival--especially in the new-style projects, where some powerful interest groups are likely to be unsupportive. Just as important, moreover, project management and staff themselves will benefit from finding out what good the project is doing, even if it is presented in partial and overblown form. Many development efforts are pervaded with a sense of failure and pessimism from the start, a feeling that nothing is being accomplished.^{1/} This is particularly true of rural development projects, in contrast to infrastructure projects, because achievement cannot be perceived by the naked eye and geographical dispersion contributes to the difficulty of detecting change.

3.67 The rural projects are also prone to pessimism because of their posting of large extension staffs to where the beneficiaries are. Though this deployment of personnel has the advantage of having project staff in a position of daily observation of what the project is doing, the field personnel are also inclined to be the most vulnerable to the pessimistic mood because of the difficult conditions of their work. They are usually under-paid, have low status in their organization, and can hold little hope for advancement because of their lack of university education; their attempts to service poor families are often frustrated by the failure of other state agencies to contribute their part; and their attempts to work with the poor often turn out to be constrained by the power of a local landowner in the town where they are stationed. Those best situated to see success, then, are not in the best mood for doing so. Indeed, the most dedicated are sometimes more consumed with their discovery that other political and bureaucratic actors make it very hard for the state to service the poor than with what the project is succeeding in doing.

3.68 That development projects are often perceived as accomplishing nothing means that small successes will sometimes pass by unnoticed; this reinforces, inaccurately, the perception that the project is bringing about no change. Since it is important that project managers be capable of consolidating and building on their successes as they go along, the use of M/E units for public-relations purposes may actually represent a fulfillment, admittedly one-sided, of one part of the M/E task--a specialized use of this management tool, rather than a perversion of it.

^{1/} Hirschman discovered and explored this mentality in various works (see, mainly, 1971). He has tended to focus on the more general manifestation of this mentality in how people think about their country's development and its chronic problems. I am saying, in addition, that the new rural projects have characteristics that make them particularly vulnerable to this way of seeing things.

The dangers of good feedback

3.69 There are other advantages to be gained by placing some M/E tasks outside the project agency, in a biased group with an axe to grind. Organizations often find it difficult, or undesirable, to respond to their own informed feedback. A common example from the Bank's rural projects is the repeated finding that agricultural extension agencies are recommending a technical package of "modern" inputs and practices that turns out, under specific local conditions, to be agronomically or economically inappropriate, or both. The companion recommendation accompanying this repeated discovery is that the extension service and the agricultural research entity should coordinate their work better; extension should feed back to research the results from its field experience and research should be sensitive and modify its agenda accordingly.

3.70 Though no one disputes the sense of the above recommendation, it is unheeded as regularly as it is put forth. Some of the reasons have to do with bureaucratic politics. The adoption of such a recommendation would require some relinquishment of bureaucratic power by both the research and extension agencies, in order to coordinate the feedback and to adapt to the results. Gathering feedback on adoption from farmers and adapting to it could also add to and complicate the task of extension agencies, whose modus vivendi is the promotion of a standardized package of recommendations regarding inputs and production techniques.

3.71 A final reason that extension agencies might not have interest in certain kinds of evaluation feedback is that findings on the inappropriateness of a standard recommended extension package can threaten the very justifications that extension agencies use to defend their share of public-sector budgets and rural development projects--i.e., that there already exists an output-increasing technology which, if properly packaged and sold to poor farmers, will result in a significant improvement in a country's agricultural productivity. Most extension agencies cannot afford the merciless process of successive feedbacks and adaptations undergone by the Puebla experiment in Mexico; the final outcome of this unusual experiment in the adaptation of a standard package to local agronomic and price conditions was that the adopted package was not significantly different from the way traditional farmers had already been planting their corn.^{1/}

3.72 Even the success story that was discovered through the intense evaluation process of the Puebla experiment can be seen as disturbing for the future budget-defining efforts of extension agencies. The extension service's most significant contribution in the Puebla project, that is, was found to be

^{1/} As reported in de Janvry (1982). The Bank's evaluation of the sub-Saharan projects also reported that, in certain countries, the recommended practices showed no increased profitability as compared with standard practices, or became unprofitable during project implementation.

its role as intermediary between the peasant farmer and subsidized sources of credit and inputs. The farmer not only had no access to these services and inputs previously, but he used the inputs readily in the locally appropriate way when access was provided through the intermediation of the extension service. This meant that the problem was not so much to convince and to teach as it was to provide access.^{1/}

3.73 Owning up to the unanticipated success of extensionists as intermediaries for peasant farmers could be dangerous for extension agencies. Not only would it require a substantial change in what the agency was doing; but, more seriously, a recognition of this success might lead to doubts as to whether a staff specialized in agriculture was even necessary if, indeed, the task to be done was simple and sympathetic intermediation. Perhaps this is why the only official hint of the intermediation success (and the technology-promoting failure) coming out of the extension agencies is a repeated complaint: too much of the agents' time, it is said, is being taken up with the paperwork of agricultural credit--credit that is offered to the poor farmer as a "carrot" for adopting the extension package. This complaint, like that regarding the lack of coordination between extension and research, has also become standard in Bank supervision reports on the new rural projects.

3.74 Extension services have gotten themselves deeper and deeper into credit partly because they have turned out to be better at opening up access to credit than existing banking systems have been. But why is extension doing credit instead of the banks? There are various answers to the question, but the point here is that if extension provides access to agricultural credit better than banks, then why does the extension service need technicians trained in agriculture "just" to do credit? Herein lies the danger to extension agencies of delving into their initial successes as credit intermediaries.

3.75 In light of the dangerousness to extension of accepting certain types of feedback, it is no wonder that the myth of the obstinate and ignorant peasant is so prevalent and strong in the subculture of agricultural extensionists. The myth is an explanation for why peasant farmers fail to adopt the "modern" practices recommended by extension agencies. The myth endures in practice, despite the wealth of evidence to the contrary, because it serves an important function in sustaining the life of these agencies. Contrary to an explanation based on the inappropriateness of the extension package, the mythical explanation is consistent with a continuation and expansion of extension activity along existing lines.

^{1/} The de Janvry study reported similar findings for integrated rural development projects in Colombia and Peru. I have also discussed this intermediary or advocacy role of extension agents (1976b). It seems to be one of the most salient aspects of the Bank's new rural projects in Northeast Brazil.

That the importance of extension in technology adoption has been overly stressed was the opinion of several Bank and project-unit staff members involved in the review of the sub-Saharan projects. According to these opinions, a superior technical package could be adopted by farmers of their own accord with a relatively limited extension effort.

3.76 In this case of extension feedback, in sum, the self interest of the project-executing agency lies in not generating the kind of information that would improve the project's impact on the poor. This is where the importance of monitoring by an outside and biased constituency group comes in. This is not to say that useful feedback will always be perceived as harmful if it has to be acted upon by project-executing agencies. Rather, there will be well-grounded disinterest by agencies, in some cases, in generating the kind of information that M/E units are supposed to produce. In these instances--often easily discernible, as in the above example--it will be helpful to give some monitoring and evaluation tasks to an outside party whose self interest coincides, rather than conflicts, with the results to be obtained from proper monitoring and evaluation.

Biased evaluators

3.77 The partiality and power of an outside group involved in a monitoring task can also increase the likelihood that pressure will be applied to project managers to act upon certain kinds of information resulting from the monitoring-evaluation effort. Again, this kind of effective pressure on project management arises only unusually from an internal M/E unit. The difficulty that internal evaluation units have in airing bad news--or any news that requires change--is well recognized in the case of donor agencies themselves; it can only be greater in the less well-established agencies that manage rural projects in third-world countries.

3.78 To the extent that the Bank has actually drawn upon outside institutions for monitoring and evaluation, it has sometimes used local universities. As outsiders and as academics, universities are desirable for their objectivity and their analytic skills.^{1/} In terms of the implementation problems being discussed here, however, the university is not particularly desirable for monitoring because of its impartiality. For the purpose at hand, one wants to give some M/E functions to certain groups because they are partial and self-interested in the results--in order to counterbalance the partiality against the project that already exists.

3.79 One of the Bank's most successful project-evaluation efforts involving recipient-country participation--the midterm evaluation of the Mexican PIDER project--can be explained in part by the presence of a strong and biased "outsider." The evaluation effort, as described in a Bank report on monitoring and evaluation, was championed by the umbrella agency for the project at the federal level (IBRD 1979a). At the moment of the evaluation, the federal government had been distrustful of the local executing bodies, and also had some political reason for wanting to find fault with them. The mid-term evaluation came at a time, then, when a public-sector entity outside the project-executing agencies had considerable self interest in having information on what was going wrong--i.e., in supporting an "objective" evaluation.

^{1/} The use of local universities for some M/E tasks has also met with problems mainly in the form of poor-quality work, delays in completion, scheduling and other problems with computer work, and disagreement over academic vs. project-oriented approaches to research.

3.80 In commending the PIDER midterm evaluation exercise, the Bank report said that the experience showed that evaluation could be done well by the Mexican agencies involved in the program; the lessons learned from the experience, it said, could now be institutionalized in the ongoing, as yet weak, M/E units of the project-executing agencies. From the point of view of the discussion here, however, part of the success of the experience was attributable to its not being internal to the executing agencies--to its being backed by a more powerful "outside" agency with prior desires to find fault with the executing entities. The success of the effort, moreover, was also a result of its being a large, one-shot undertaking, occurring at a particularly opportune moment in political time. Governments are often more successful at these one-shot mobilizations of public-sector effort--as in disaster relief, emergency construction, health campaigns or crash evaluations--than they are in the less dramatic commitments required for ongoing efforts with lower levels of visibility.^{1/}

3.81 Viewed from the above perspective, the Mexican midterm exercise may not really have brought the project much closer to monitoring and evaluation as an ongoing activity, internal to the executing agencies. Put more positively, the experience suggests that some monitoring and evaluation tasks may be carried out quite successfully if they are designed like emergency mobilization efforts, with some powerful group outside the executing entity taking up at least part of the cause.

^{1/} Cornelius (1973) has suggested that the record of the Mexican government in providing public services and investments to the urban poor can be partly explained in this light. The most sustained efforts and significant results, that is, were in the area of disaster relief during the floods, fires and other disasters that frequently afflicted the poor areas of Mexico City, and in sporadically-conducted health campaigns.

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