

# Lessons on rural development, challenges and approaches

## Lecciones del desarrollo rural, desafíos y enfoques

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### ABSTRACT

For 25 years, Colombia implemented a rural development policy according to models adopted in Latin America since the 1960s. That policy advanced progressively toward decentralized and participatory development and it also moved forward to new concept of rural territorial development. Nevertheless, the Integrated Rural Development Program – IRD, turned into a Co-financing Fund, due to several reasons, ended during the second half of the 1990s. The change of protectionist policies towards deregulation, political cooptation of the program and the weak State capacities to replacing the IRD with other alternatives to stabilize rural societies contributed to the disappearance of the policy.

**Key words:** IRD, integral rural development, Co-financing, decentralization.

### RESUMEN

Colombia manejó una política de desarrollo rural durante 25 años bajo los modelos impuestos en América Latina desde los años setenta. Esta política tuvo un avance progresivo hacia un desarrollo descentralizado y más participativo dirigiéndose hacia un concepto de desarrollo territorial rural. Sin embargo, por múltiples causas el Programa DRI, convertido en Fondo de Cofinanciamiento, se dio por terminado cuando empezaba el segundo quinquenio de los años noventa. El cambio de las políticas proteccionistas hacia una desregulación, la cooptación del programa por los políticos, así como la poca capacidad y decisión del Estado para sustituirlo con otras alternativas que estabilizaran las sociedades rurales, ayudaron a la desaparición de esta política.

**Palabras clave:** DRI, desarrollo integral campesino, cofinanciación, descentralización.

## Introduction

Colombia has stopped executing rural development programs with substantial state investment and with support from external resources. This has worsened the crisis of agricultural peasant economies, aggravated by the internal conflict translated into dispossession and abandonment of lands and forced displacement, among other aspects. Currently, the nation does not have a clear, coherent, systematic or planned policy of rural development, and the State has dedicated its resources more to supporting entrepreneurs from the agricultural sector; thus, worsening the inequity.

These notes do not refer to contemporary approaches on rural development; rather, we seek to synthesize the most important experiences on this theme, taking as a reference the Colombian case, which is similar to that of many Latin American countries, except for the existence of the internal conflict that has its greatest expressions in rural areas. This reflection makes sense for the new generations and the public technocrats to become aware of the experiences the country has undergone, and to recover positive aspects and avoid repeating errors in new programs.

## The historical process of rural development, the IRD experience

During the last sixty years, we have gone through several experiences that somehow sought to transform the agricultural structures and societies, and it must be stated, without much success. Starting with the so-called community development applied during the 1950s and 1960s that appealed to the potential forces of the most depressed communities, which with the aid of the techniques would identify individual and collective needs and would plan how to address their problems. Jordán and other authors indicated in 1989 that this was a psycho-social approach of development, which conceived the rural communities as homogeneous social units free of conflicts and internal divisions (Jordán *et al.*, 1989). This vision stemmed from international entities and aimed to identify leaders who could serve as agents of change. In 1965, The United States stopped supporting this strategy.

Then, as of the 1960s, came the agrarian reform, also as a strategy promoted by the United States to help governments contain revolutionary movements that would follow the Cuban example (Delgado, 1965). The agrarian structures

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were considered an obstacle in developing the rest of sectors of the economy. These were types of development programs inasmuch as that to treatment of land ownership problems there were also actions in credit, technical assistance, training, and supply of some public goods.

It is well known in Latin America and in Colombia why the agrarian reforms failed, particularly because of resistance to change by the landlord classes and the exercise of political power by the traditional rural elite, as well as the weakness of public entities to manage a complex process that implied transformations in production systems, in power relations, in rural ways of life, in the distribution of wealth, and in the social organization (Sampaio, 1993; Ramos, 2001).

Many countries, among them Colombia, missed the opportunity of progressing in the transformation of their agrarian structures within a structure like the one from the 1960s, when there was international support and the internal conditions were given to generate processes of change. These reforms only managed to become sectorial conceptions and did not consider the necessary links of the urban and rural societies to have obtained political support from the urban communities for the rural transformations (Machado, 2009a).

The agrarian reforms were somehow a wager for a more balanced rural society, with greater equity and democracy, and with a productive strut that would guarantee the permanence of agricultural peasant economies next to business developments, with an adequate use of natural resources. Overcoming backwardness and poverty was behind this proposal, as well as the resolution of ancestral conflicts among peasants, landlords, and the state.

Since the mid 1970s, arose the proposal of Comprehensive Rural Development, known as the IRD, which had several ramifications and lasted longer than the agrarian reform, inasmuch as it was decision aimed at productively modernizing the agricultural peasant economies to improve living conditions with important state support in services and infrastructure.

The IRD program in Latin America stemmed from the proposal by the president of the World Bank made in Nairobi in 1975. A foreign idea was imported, and because it had an offer of external resources it was quickly incorporated onto the development plans and extended to where the lending banks maintained an interest in supporting the governments with those initiatives.

The IRDs were never a threat for the power factors in that they were unfolding over a rigid agrarian structure and without stating the land access problems. The elites, the landlord classes, and the politicians supported the IRDs and allowed them to progress what they could, given that these did not affect the established social order in the countryside.

These programs were generally conceived with a comprehensive concept that, however, did not reach a holistic approach as suggested by the theory for rural development. There was much important progress in institutional development generated around these to support sectorial policies. These programs, in their most traditional version of rural development, were made viable within the context of a model of centralist and interventionist development by the state, and progressed in decentralization processes amid many political difficulties (López-Cordovez, 1991).

During their evolution, the IRDs began acquiring regional and decentralization visions, which opened new perspectives in the relationships of the regions, locations, and communities with the state. However, changes in macro-economic policies, especially economic aperture and intensification of globalization, changed the emphasis in rural development as a priority in development. State deregulation and the concept that markets best regulate the relationships among agents and define access to the productive factors, trashed the IRDs, which perished at the hands of neoliberal ideology and production wagers of competitiveness and efficiency (Machado, 2003).

During the 1990s, in general, there was inflection in diverse modalities of rural development (the PNR [*Plan Nacional de Rehabilitación*] and the IRD Fund in Colombia, complemented by the subsidized land market). Few nations maintained consistent programs tending to small producers aimed at strengthening their capacities to gain access to resources and the market. In other instances, social solidarity funds were developed for the poor who arrived in the rural sector with higher or lower intensities. In other cases, attention has centered on food safety and the struggle against rural poverty as in the Brazilian case.

The persistence of poverty in rural areas has led to, not to rural development programs, but rather to projects for the poorest, many of them still with an “assistance” sense; others with focus seeking to remove restrictions to emerge from the trap of poverty. A program that was a bit removed from such in Colombia was the PNR (PNR, 1994). Meanwhile, there is conceptual progress like that of rural territorial development that seeks a more regional view of

development and of urban and rural integration with the new rural concepts (Pérez and Sumpsi, 2001).

## The Colombian experience of IRD

Colombia, like most Latin American nations, has had two major stages during its rural development. The first began in 1975 and went until 1992 when the IRD Fund became a Co-financing Fund, and it is characterized by centralism and protectionism where the IRD was the policy of rural development. Since 1992, a second stage was established where decentralization and participation set the standard within the postulates of the new Constitution of 1991, which sought to transfer leadership to communities and civil society rather than to public workers.

During this stage, the IRD stops being the policy to become an instrument of a sectorial and national policy, operating as a piece within a national co-financing system. Policies were defined outside the IRD Fund and were guided by decentralization and co-financing; changing the form and content of rural development (Ministerio de Agricultura, 1996). Furthermore, the IRD appears as a substitute for the agrarian reform that had been suspended in 1973 as an option of rural policy (Machado, 2009a).

From 1975 to 1992, two phases stand out: from 1975 to 1988 and from 1988 to 1992 (*Programa de Desarrollo Integral Campesino - PDIC*). The first phase is aimed at agricultural peasantry landlords in the Andean zone, preferably tending to middle class or rich agricultural peasantry seeking to turn them into small entrepreneurs in food production. The IRD was a complementary program for the National Food and Nutrition Plan (*Plan Nacional de Alimentación y Nutrición - PAN*) until 1982 when the IRD and the PAN were united. In 1983, the IRD is transferred from National Planning to the Ministry of Agriculture and in 1985 it was institutionalized with the creation of the comprehensive rural development fund (legislation 47 of 1985), which is supported by Decree 77 of 1987 on decentralization that grants the IRD Fund the quality of a public establishment.

The beneficiary agricultural peasantry received individualized attention (technical assistance and credit) and active community participation and by local authorities were not a special concern for the program in phase I (until 1985). The program focused on a group of municipalities from the Andean zone, which was broadened to other departments. The main instruments were the Project execution contracts with public institutions and NGOs, along with credit and technical assistance granted (Vargas del Valle, 1999).

The second phase opened with the Peasantry Comprehensive Development Program (*Programa de Desarrollo Integral Campesino - PDIC*) de 1988-1992. Rural development became a municipal responsibility and the IRD Fund gained importance in co-financing said responsibility (Decree 77 of 1987). In 1988, the CONPES (*Consejo Nacional de Política Económica y Social*) approved the PDIC and broadened coverage from 350 to 620 municipalities (according to the peasant economy index). Identifying development problems and prioritizing investments took place at the countryside (rural) and municipal levels (Municipal IRD Committee) and from there, the projects were presented to the IRD Fund for co-financing according to a co-financing matrix. The PDIC was conceived as a long-term program. The Fund complemented fiscal efforts by the municipality receiving sales tax transfers. Credit was centralized in FINAGRO (*Fondo para el Financiamiento del Sector Agropecuario*) and technical assistance was transferred to the municipalities through the UMATAS (*Unidades Municipales de Apoyo Técnico Agropecuario*), given that efforts concentrated on components of greater impact: technology, technical assistance, commercialization, roadways, rural aqueducts, organization and training, small-scale irrigation, among others.

Regional IRD offices were strengthened to channel the demand for projects from the communities and passed the filter by the municipal and departmental committees of the IRD Fund. Free concurrence of executing agencies was introduced to carry out services and construction works. The PDIC can be considered a transition phase between the traditional scheme of the centralized IRD and the national co-financing system that operates with decentralization. The IRD Fund concentrates its strategy on the productive development, commercialization, and access to markets and the supply of drinking water, agreeing with the scheme of economic aperture and the leading role of the markets, while tending to a more production-based vision of development established as of 1990. The instrument continues being the co-financing matrix and operational guidelines and co-financing agreements with the municipalities (Vargas del Valle, 1999).

The PDIC operated amid two contradictory forces: the Constitution of 1991 and the imposition of neo-liberalism upon public policy. It unfolds within an uncertain context and without much clarity on the viability of the agricultural peasant economies and within a policy of modernization of the state guided by efficiency and free of bureaucracy criteria, or of engineering by institutions. INCORA (*Instituto Colombiano de la Reforma Agraria*), IRD, and PNR still subsist

amid this contradiction; and it could be said that such grinds at these entities against their scant resistance in the transition phase and against the difficulty of institutional adjustment and the lack of political will to promote rural development.

The National Co-financing System (decree 2132 of 1992) gave rise to the Co-financing Fund for Rural Development. The new IRD version, as a support instrument for the territorial entities for rural development, maintains the idea that municipalities assume responsibility for that development, and the Department is incorporated as a new player with intermediation functions among the IRD Fund, the municipalities, and the communities. Due to this, the IRD regional offices were substituted by the Udecos (Unidades Departamentales de Cofinanciación). The regional political element started to act and claim spaces. Negotiation instances like the Municipal Committees for Rural Development (Ley 101 de 1993) were created in the municipalities. When rural development was subjected to the demand by the municipalities and departments, comprehensiveness was gradually lost. The IRD Fund, within this co-financing scheme, no longer defined policies or promoted rural development; it was a policy instrument by the Ministry of Agriculture and the National Planning Department. Investments focused on the poorest municipalities and those with a higher rural index.

As of 1994-95, public policy abandoned the idea of the agricultural peasantry specializing in food production, letting their competitive capacity guide them toward products that can improve their income, and where the markets respond; activities outside the farm surged as alternatives for rural inhabitants (Reardon *et al.*, 2001).

### **The illusion of a 4<sup>th</sup> phase of the IRD and the announced setback**

The final act of the process came in 1996 with the preliminary suggestion for the 4<sup>th</sup> phase of the IRD Fund for the 1997-2000 period based on an evaluation underway from the 3<sup>rd</sup> phase (1991-1996) and on a more holistic vision of development under the paradigms of competitiveness, equity, and sustainability (Vargas, 1996); a revision of the rural concept, or of the rural society, and emphasis on development being led by the municipalities and locations with more autonomy and decentralization. The limitations imposed by the conflict in the countryside and the need to solve such in a peaceful and civilized manner were kept in mind, as well as having a vision of the type of society we sought to construct. Significant progress had been made in the conception of rural development.

Responsibilities and competencies were defined, thus:

- a) The municipality administrates and leads the process, that is, manages it.
- b) The Department coordinates and integrates regional development from municipal initiatives.
- c) The Nation formulates policies and norms, technical support, subsidy support, general guidance for the process, and inter-institutional articulation.

It was proposed that the nation transfer resources to territorial entities (TE) only to complement their scarce resources in areas and themes of rural development important in the execution of the policies contained within the National Development Plan. This implied very precise regional focalization (municipal and departmental indicative quotas). It was suggested that the nation could use mechanisms to transfer resources via two modalities: a) co-financing and b) through direct transfer; and the creation of the Departmental Co-financing Funds was suggested.

Emphasis centered on strengthening and institutional development of municipalities and departments. The program would concentrate on three components or subprograms: institutional development (improve skills to manage development), investments for rural development (improve amount and quality of assets), and support services (technical assistance, education, health, and organization and community training) (Vargas del Valle, 1999).

Due to political reasons and because of the context, this proposal only reached the initiation phase; it did not manage discussion or presentation with international organizations during President Samper's mandate. Thereafter, we evidenced the definite setback of the rural development programs. The following governments devalued those programs and ended up suppressing the entities in charge of introducing a new paradigm: rural production development compatible with competitiveness and development of markets, complemented by the granting of subsidies to rural inhabitants, displaced or not, without tending to the development of their skills. That is, productive emphasis in the policies and paternalism and patronage with State resources.

The story is well known: since the late 1990s there was the dismantling and elimination of entities like the IRD Fund, IDEMA (*Instituto de Mercadeo Agropecuario*), and *Caja Agraria* and what remained was gather under one poorly designed and conceived entity like INCODER (*Instituto Colombiano para el Desarrollo Rural*), which was quickly

trapped by web of patronage, corruption and cooptation in some regions by political groups allied with illegal armed groups.

To save that entity, the national government promoted a so-called statute for rural development (Ley 1152 de 2007), which was quickly declared unconstitutional by the Constitutional Court because of procedural irregularities and because it did not recognize the rights of the Indigenous and Afro-descendant communities. With this legislation, instead of overcoming public partitioning, it was accentuated upon distributing the functions of rural development into several entities that had no capacity or interest in assuming matters that were foreign to them.

This led to an institutional void for rural development, which has not been overcome and reflects clear political intentionality: development is with the entrepreneurs not with the agricultural peasants considered socially handicapped and players without social and political recognition. The priority is set on tending to the consequences of the conflict and the rural crisis, which is the forced displacement of the population, instead of tending to the causal elements of said phenomena (Machado, 2009b). The political context and the weakness of the rural social organization permitted such a setback when it was most urgent to have a policy of rural development to overcome the conflict and the rural social crisis.

## Reflections based on the Colombian experience

Colombia closed the book on rural development programs without creating an autonomous development process run by the communities. Likewise, it closed the possibilities of agrarian reform without having accomplished a minimum transformation in agrarian structures. That is why we have rural societies in crisis and amid serious difficulties to progress in processes of change required by the new contexts. Those two milestones and the armed conflict left the agricultural peasant societies trapped, in general, in underdevelopment.

In Colombia, with the end of the PDIC (Programa de Desarrollo Integral Campesino), as well as with the close of the PNR, which were economic and institutional proposals for long-term stabilization of rural societies, the nation missed a political opportunity to consolidate democracy in the countryside. That decision implied a high political cost at a time when experience had been gained to manage and organize rural development programs that could have significant impact in the countryside.

The three most significant rural development programs carried out by Colombia during the last 50 years ended up truncated, left behind. Some like the PDIC (IRD), when they were merely reaching their maturity, were abandoned without possibilities of recovery. Different circumstances led to that, but the most important were the changes in the rural development model, mounted from abroad and accepted without much thought by elite running the Colombian State.

The political cost was even higher during the juncture of the intensification of the conflict in the sector when the restructuring of the rural society during the 1990s reached its climax. New social orders were established by illegal armed groups with game rules imposed by individuals and private groups, but not by the state; and where illegality and informality were imposed upon society. Furthermore, old orders that resisted change were sustained by the violent situation and even strengthened through political power. It is not difficult to consider those processes as a tragedy for the nation, and especially for the rural society.

The nation dismantled the institutionalism it had created for rural development in the mid 1990s during the worst juncture of the armed conflict, during the least opportune historical moment, it also dismantled the agrarian reform during the early 1970s when it had opportunities to change the agrarian structure in many regions of the nation, which would have reported substantial political dividends in the process of handling the conflict.

The IRD program, in its PDIC version, was on the verge of taking a significant step during the 1990s when a proposal was made, which unfortunately was not accepted. It sought to co-finance municipal rural development programs instead of projects and components. This proposal required strong development and institutional enhancement during a difficult context of the conflict.

It was closet o taking a qualitative leap when the concept of rural territorial development had still not taken flight. Placing rural development as a priority in the municipalities, reflected in the reorientation of investments and decisions of the communities was at that moment great progress. But the context was not suitable, municipalities, programs and investments were co-opted by illegal armed groups in much of the municipalities where agricultural peasant economies predominated.

Colombia quickly lost the institutional memory of rural development. The experiences were not institutionalized

or systematized, and the new public workers and the new technocracy, generally do not recognize it, or have no interest in those experiences. The task is still pending to construct an institutional historical memory on rural development. Those experiences must be evaluated in light of new contexts, which raise questions on the efficiency of decentralization during a situation of conflict, or great local and regional institutional weakness, and where drug trade permeates all public spheres. The only evaluation of the IRD experience in Colombia is perhaps that conducted by Ricardo Vargas (Vargas, 1996).

The evaluations show the need to consider cultural and political variables. What is evaluated is the demand for a local political culture and the validity of the Legal Social State. Due to this, Vargas understandably states that “*prior to physical bridges or roadways, what needs to be constructed and developed are bridges and roadways of transformation of the political culture*”.

The IRD ends up being a menu of options, which the communities must freely and transparently access. But an IRD requires gaining political will; it cannot be done outside the power circles, requiring negotiation with them, even if the power structures are not affected. Was that the failure of the IRDs? Most likely what was gained was the sympathy and conviction of some technocrats and personnel, but not from the political spheres.

And this is what may have trashed the program when patronage entered full-handedly into the distribution of the resources for the regions according to political quotas. Politics appeared in the IRD and the PDIC through the back door to control resources based on electoral interests, which helped to terminate the program. In an appreciation on this theme, in 1996 we stated:

*“The appearance of parliamentary subsidies disguised within the SNC (Sistema Nacional de Competitividad), through specific destinations to projects approved in Congress and incorporated in the national budget, introduces a factor of uncertainty to the system, to the extent that it distorted the co-financing and interferes in the power of the municipalities and communities to define the projects in which they should invest their resources. The attitude of the governors to support projects in the CODECOs (Comités departamentales de Cofinanciación) without following technical criteria and assignment per the demands of the municipalities, acceding to political favoritism, increases doubts on the permanence of the co-financing system, such as it was designed” (Machado, 1996).*

Another one of the interesting aspects mentioned by Vargas in his evaluation is that it was not generalized to find careful consensus work regarding the type of rural society that was to be constructed in the short and mid-term. Therein lies a relevant question: Is it possible to – in the short and mid-term – to tend to problems of poverty, inequity, low productivity, scarce social capital, institutional weakness, access to markets and factors, and creation of employment and income opportunities, without even thinking of the type of rural society we want to construct, or of the social order we want to set up in the long term? The answer cannot be absolutely affirmative and depends much on the capacities of very society and its institutions to gain long-term awareness for the processes undertaken.

The challenge of rural development in our societies remains as it did 60 years ago: How to achieve stable and balanced rural societies with social and political recognition of the rural inhabitants within a project of society based on the construction and development of democracy? Or, also: How to eliminate poverty, inequity, and exclusion and leverage our capacities for present and future challenges?

We should have gone from theory to action long ago and from certain political ingenuity to reality for rural development to become part of our wager for a better society. Rural development is not a technical and financial problem, but rather a political problem, a matter of the model of general and agrarian development and of the political model adopted by our societies.

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