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DIVISION DU DEVELOPPEMENT RURAL  
RURAL DEVELOPMENT DIVISION  
DIRECCIÓN DE DESARROLLO RURAL

# RED-IFO A DECENTRALIZATION MODEL

DÉCENTRALISATION ET DÉVELOPPEMENT RURAL  
DECENTRALIZATION AND RURAL DEVELOPMENT  
DESCENTRALIZACIÓN Y DESARROLLO RURAL

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### BIBLIOGRAPHY

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## INTRODUCTION

The progress of democracy in most African and Latin-American countries, transition processes in central and eastern Europe, and the widespread introduction of macro-economic stabilization and structural adjustment in all these countries have brought about **a large-scale withdrawal of the State**. This takes the three forms of privatization, deregulation and decentralization, and has meant that the institutions responsible for rural development have undergone an equally massive restructuring process. Decentralization is a major aspect of the process, entailing the transfer of operational functions and a certain number of support services to intermediate and local government levels, producers' organizations and people's organizations, while ministries responsible for rural development and the agricultural sector are reoriented towards their specific functions of public service.<sup>1</sup>

Such changes create the right conditions for a participatory approach to rural development and are very well received by international organizations, and also by rural people, who want to play an active role in their own development and have a real say in designing, monitoring and evaluating rural development strategies. **The withdrawal of the State thus opens up a space for the activities of other actors in rural development.**<sup>2</sup>

For a long time FAO has been calling for the implementation of **participatory strategies of rural development**, and has therefore sought to ensure that its programmes and projects incorporate the most effective mechanisms for restructuring institutions responsible for rural development.<sup>3</sup> The underlying principle here is that **decentralization should lead to increased efficiency of the State** inasmuch as its support services meet producers' needs in a more timely and appropriate manner on the basis of local diagnoses by those with the most relevant information.

FAO does, however, recognize **the existence of a structural legacy of centralized rural development policies which must be taken into account in order to identify the risks entailed in decentralization** (Section I). A clear view of these risks has allowed it to identify **an appropriate method of decentralization plus a package of complementary policies indispensable for the**

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<sup>1</sup>The term "producers' organization" covers a number of types of organization, varying according to country or geographical region - "traditional community councils, informal groups, cooperatives, rural workers' organizations and peasant unions, women's associations" - FAO (1992), p. 4. All such organizations are voluntary, autonomous and democratic.

<sup>2</sup>For the purposes of this document, the main actors in rural development are international organizations, States, the private sector, NGOs, and the various types of rural people's organizations grouped under the term "intermediate organization".

<sup>3</sup>Since 1981 FAO has been advising governments to contemplate three kinds of action: "i) decentralize the decision-making process within the framework of national policy and promote local government institutions; ii) delegate to institutions of local government increasing responsibility for decision-making in rural development activities as well as in their implementation and evaluation; iii) promote people's organizations, including workers' associations and cooperatives to strengthen the participation of the rural poor in decision-making, implementation and evaluation of agrarian reform and rural development programmes" - *The Declaration of Principles and Programme of Action of the World Conference on Agrarian Reform and Rural Development: The Peasants' Charter*, FAO, Rome, 1981.

**success of decentralization** (Section II). This method highlights the need for a special effort to **establish and strengthen intermediate associations representing the whole rural population** so that they can act as the central link in dialogue between the State and the other actors in rural development (Section III).<sup>4</sup> On the basis of an analysis of the various FAO projects providing support to the restructuring of public institutions and to rural development policies, the present document offers a systematic view of the main lines of these projects in the form of **a model of participatory decentralization referred to as the RED-IFO model**.

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<sup>4</sup>Since the beginning of the 1990s, FAO has recognized that "the advances [in the decentralization process] have generally been formal and institutional rather than implementational. In the absence of the wherewithal to thoroughly implement the process of the intended impact, namely to increase social participation in decision-making, has also been blunted" - FAO (1990a), p. 46.

## SECTION I. THE LEGACY OF CENTRALIZED POLICIES AND THE RISKS OF DECENTRALIZATION

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Bearing in mind the legacy of centralized policies, the withdrawal of the State and particularly decentralization entail a number of risks, which must be identified. It is a question of discovering the conditions allowing decentralization to go hand-in-hand with a larger and more decisive role for producers' organizations,<sup>5</sup> and this requires a clear understanding of the legacy of centralized policies and identification of the risks of decentralization. There are five decisive legacy-risk pairs.

### Risk 1. A supply-based approach may be replaced with a demand-based approach

Centralized policies tended to be guided by **an exclusively supply-based approach**, which led to an overall development strategy that took no account of specific local conditions. Such policies were bound to be ineffective, since they had no mechanisms enabling them to adjust their instruments according to the specific problems of each region, sector or type of producer. The risk is that the ineffectiveness of supply-based action may tempt governments to adopt **an exclusively demand-based approach**. Although such an approach would certainly take account of the specific circumstances of each region or type of producer, it would entail a dispersion of effort and **the loss of a comprehensive perspective in designing rural development strategies**. When decisions are taken and support provided on a decentralized basis, this lack of a comprehensive perspective can have very serious effects, inasmuch as there is no empirical evidence that the sum of local solutions necessarily adds up to an overall solution to the question of rural development, nor to the best and most stable levels of investment, employment and production.

### Risk 2. An uneven distribution of information hampers activity coordination

In the context of centralized action, **relevant overall information is not evenly distributed**. When such information does exist, it is concentrated at central government level, thus preventing the rural population from knowing about the institutional, economic and technological environment in which they must develop, and from playing an effective role in policy-making. The risk entailed in this legacy is that even if the rural population is given a voice, it lacks the capacity to **globalize its specific demands and problems or coordinate its activities**. In other words, even if local development strategies incorporate an excellent and detailed knowledge of each local-level question, a lack of general information on the constraints and opportunities of the new institutional and economic context means that **they may very well not be congruent with the regional perspective, and still less with the overall development model**. The possibility of people's participation offered by decentralization is therefore not enough: the conditions for such participation must still be created. **And an even distribution of information is a basic condition for coordinated action.**

### Risk 3. The legacy of paternalism may lead to a reduced supply of support services

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<sup>5</sup>Obviously decentralization is of its nature a general process covering every sphere of public activity, and the conditions for success vary from one economic sector to another. The present document is confined to the conditions for successful decentralization with respect to State action in the sphere of rural development, and more specifically that of agriculture.

Centralized policies were based on the principle that only State intervention could correct market imperfections and allow the most disadvantaged rural people to advance on the path of development. The paternalistic approach to development, according to which small- and medium-scale producers were unable to make profitable use of market institutions since they had neither the capacity nor the resources to find solutions to their own problems, **restricted the capacity for autonomous action and initiative on the part not only of the rural population but also of local-level government.**<sup>6</sup> This legacy has some far-reaching consequences. If the transfer of functions to local government level or producers' organizations is not complemented by a transfer of the skills needed to carry out these decentralized functions, decentralization runs the risk of creating institutional vacuums and **a decline in the supply of support services to small and medium farmers.**<sup>7</sup> This would tend to exacerbate the polarization between different types of producer, widen the gap between commercial and small-scale farming, and more generally increase disparities in income between urban and rural areas.

**Risk 4. A strongly entrenched patronage tradition may lead to a takeover of decentralization**

The ways in which centralized policies allocated resources encouraged **State clienteles made up of those with the greatest ability to articulate their needs in terms of projects and programmes, plus a degree of organization allowing them to exert pressure on the State to grant them the major part of public funds destined for rural development.** The patronage structure saw the growth of activities aimed at appropriating institutional income and a growing solidarity between central government levels and the large-scale producers who were the State's only dialogue partners and received nearly all the benefits of its intervention. This contributed significantly to the polarization of agricultural policies around large-scale producers and a lack of structural homogeneity in the rural sector. The disparity in organizational levels among the rural population leads to the risk that **local élites will take over the functions and resources transferred by decentralization.** Patronage between State and large-scale producers would then be replaced by more local patronage, with the richest and best organized municipalities and organizations as clients.<sup>8</sup> Even more seriously,

<sup>6</sup>"Conventional rural development strategies tend to see development as a series of technical transfers aimed at boosting production and generating wealth and improved social conditions .... This approach often leads to concentration of resources, marginalization of small farmers and increasing landlessness" - FAO (1992), p. 3.

<sup>7</sup>For example, it has been admitted that in Mexico programmes for decentralization toward local government level have failed because of the "lack of qualified human resources at the State and district levels .... Some progress has been made through training programmes (PROCAP-CESPA and INCA RURAL) but not enough" - FAO (1990a), p. 37. Since 1988 a new approach to decentralization, little known in Latin America, has therefore been tried, consisting of the transfer of functions to producers' organizations and small farmers themselves. Similarly, an important dialogue has been set up in Algeria between the government and the *wilayates* (economic and political entities enjoying a sizable measure of local autonomy), but "notwithstanding the achievements, some difficulties identified in the decentralization of the planning process were the lack of adequate training of the officials at the regional level" - FAO (1990b), p. 19. The same bottlenecks have appeared in decentralization efforts in Asian countries; see FAO (1985).

<sup>8</sup>On this point, the World Bank supports the FAO analysis when it recognizes that "designing decentralized mechanisms that allow poor men

in the absence of strong, representative regional intermediate associations, a reduced State presence in the rural sphere can reduce **the capacity for mediation in regional-level conflicts, to the benefit of local powers with little interest in pursuing a comprehensive development strategy in an atmosphere of mediation and cooperation.**

<b>Risk 5. Institutional rigidity and the pace of decentralization</b>
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The intermediate and local levels of centralized institutions were established in order to implement policies in whose formulation they had no share. As a result, they show a certain **lack of flexibility in adapting to a changing environment and taking account of new conditions in formulating participatory and decentralized policies.** Decentralization can thus result in a weakness or paralysis of the intermediate and local levels of both government and producers' organizations, which prove unable to meet the challenges of the decentralization policy.<sup>9</sup> The risk here is that of **thinking that it is enough to pass a law on decentralization in order for it to be applied immediately and evenly** without considering the issue of the **desirable pace** of decentralization. Too fast a pace would prevent adaptation, while too slow a pace would put a definitive brake on the decentralization process.

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and women to participate effectively in making and executing decisions, and promoting accountability requires a special effort. Otherwise the rural élite will appropriate most of the benefits of the rural development programs" - WORLD BANK (1995), p. 9. Even in the case of Colombia, where social participation has been most highly institutionalized, the most powerful economic groups are still privileged dialogue partners with the State in the decision-making process; see FAO (1990a), pp. 29-32.

<sup>9</sup>This is why, in its analysis of decentralization in North Africa, FAO considers that "decentralization needs consistent effort over a considerable period of time. In most countries of the region, given the socio-economic and political context, the human resource levels and the capacity constraints within which governments are operating, a cautious step-by-step approach toward decentralization seems natural and necessary. Thus, decentralization must be viewed as an incremental process of building up the capacity of the next lower level to assume greater responsibility for development of planning and management" - FAO (1990b), pp. iii-iv.

## SECTION II. THE RED-IFO DECENTRALIZATION MODEL: A METHOD AND THREE COMPLEMENTARY POLICIES

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The risks described above will be countered as follows: first, a decentralization methodology produced by regionalization of the needs of the rural population and differentiation of policies (risk 1) will be defined; next, three complementary policies of information (risk 2), training (risk 3) and organization (risk 4) will be implemented; and lastly, a suitable timetable for decentralization (risk 5) will be agreed.

<b>The methodology: Regionalization and Differentiation (RED)</b>
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If the first danger arising from decentralization (outright replacement of a supply-based policy by a demand-based policy) is to be avoided, the first step is to establish **a meeting-ground between the actors in rural development who have a view of the whole and can supply comprehensive policies** (international organizations and States) **and the actors who know local conditions and have specific demands for projects and support programmes** (rural people, NGOs, the private sector). This meeting-ground is the logical place for decentralized formulation of a rural development strategy.<sup>10</sup>

In other words, **policies must be differentiated** in order to avoid an over-generalized supply of policies, and such differentiation requires **classifications of producers and regions** in order to allow identification of the type of rural population that would be the privileged dialogue partner of the State and the target of its policies, and also of the support mechanisms most suited to each kind of producer, product and region.<sup>11</sup> However, if the demand for support services from the rural population is not to be too specific and localized, **the needs and demands of rural people must be translated onto a regional plane** in order to set them in a broader perspective. A graph of the content of this intersection between policy supply and support demand can show what is involved in policy differentiation and the regionalization of demands.

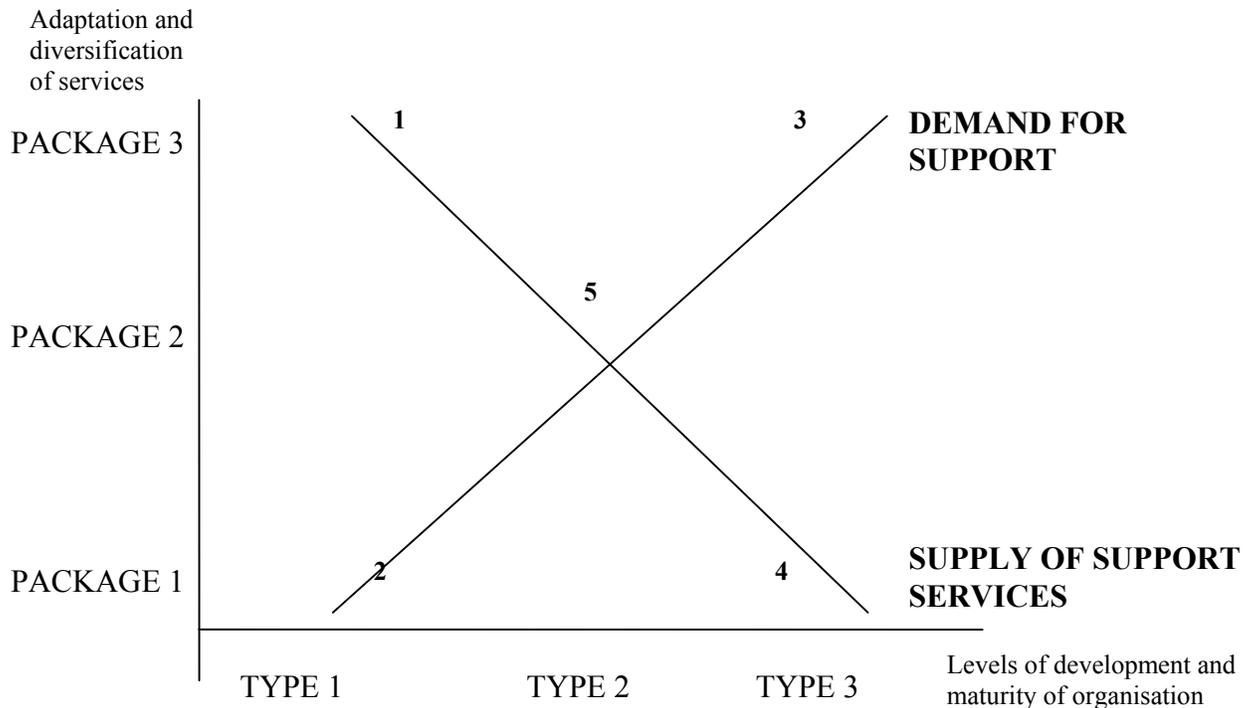
The vertical axis represents the movement from package 1 of policies to packages 2 and 3, indicating the transition from fairly generalized and undiversified policies to increasingly specific and diversified policies. The horizontal axis represents three types of producer, reflecting ascending levels of development and maturity of agricultural organizations: type 1 represents **subsistence farming**, type 2 **farming which is stationary but has productive potential**, and type 3 **commercial farming**.

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<sup>10</sup>FAO is currently organizing a comparative study on decentralization processes under way in countries in the Maghreb and Sahel, in order to identify interface mechanisms between central and local levels and the role that the regional level can play here. The results of a regional workshop being organized by FAO on this subject should provide pointers for further development of the RED-IFO model.

<sup>11</sup>This approach of differentiating policies according to regional classification was proposed by FAO in 1990 for the countries of North Africa: "Some regions in which conditions are not favourable may suffer low levels of prosperity. To accelerate their development, higher levels of investment will be required in these regions than in the relatively more prosperous zones. This should start with an investigation of the economic potentials of these regions" - FAO (1990b), p. 11.

In the perspective of rural development, differentiated policies have the aim of allowing type 1 producers to implement activity diversification strategies so that they can become type 2 producers, i.e. producers with productive potential, even if this is not agricultural. The aim with type 2 producers is to help them to realize their potential and start moving from their stationary condition towards a farming model better adapted to market conditions. In both cases, rural development policies would support the efforts of producers to raise their development level and improve that of their organizations.



The curve representing the supply of support services falls, since the supply should be greatest for the most disadvantaged producers, decreasing as their development level rises. On the other hand, the curve representing the demand for support services rises, reflecting an unequal ability to articulate demands clearly, which is greater in the case of organizations that have reached a higher level of organization.

Let us analyze the five possible intersections between policy supply and support demand.

1. The situation at point 1 represents the formulation of policies well adapted and diversified for the benefit of the most disadvantaged sectors of the population. These policies are well targeted but have a limited scope in terms of rural development, given the quantity and quality of resources available to the targeted population. This point in fact describes the specific social policies adopted in the fight against poverty, policies that are unlikely to launch a dynamic process of rural development, but should be able to help this type of producer to adopt strategies enabling him to advance from subsistence farming.
2. Point 2 represents policies that tend to have been neither adapted nor diversified, thus entailing the use of generalized subsidies without any focus on the specific needs of

beneficiaries. Generally speaking, these are the compensatory policies typical of import substitution strategies. Such policies are ineffective, expensive and generate institutional rents for private and public agents with access to the public markets implicit in these policies.

3. The intersection at point 3 is the counterpart of point 2, representing the patronage system of centralized States. Although policies are adapted and diversified, they are geared towards large-scale producers. The viability of such policies depends on the resources available to finance policies of subsidized loans, prices and infrastructures.
4. The support supplied at point 3 encouraged the rise of the State clientele that are today fighting to prevent the new State policy from moving them to the situation at point 4 on the graph, a situation that would mean the loss of subsidies and services for them.
5. Regionalization and differentiation seek to redirect State action towards point 5, where policies are sufficiently adapted and differentiated for the agricultural sector that has a true potential as the basis for a rural development strategy, generating jobs, income and diversification between agricultural and non-agricultural income. The RED-IFO decentralization model is advanced in order to ensure the adoption and diversification of policies for this type of rural producer, and makes it possible to: i) support organizational processes to increase the maturity of workers' and occupational organizations, ii) establish mechanisms providing producers of this type with access to strategic information on the environment, and iii) support training processes so that the people themselves can perform the various activities entailed in rural development.

Implementation of policy differentiation and demand regionalization can play a central role in producing strong, representative interlocutors and preparing the ground for dialogue between these people, governments and other actors. An efficient, transparent and differentiated rural development strategy can be implemented on the basis of such dialogue. **Coordination of the activity of each actor on the basis of recognition of the specific capacity of each region and producer to respond to the positive and negative stimuli of state policies depends on this dialogue.** Complementary policies to decentralization must therefore be designed and implemented within a general framework of regionalization and differentiation.<sup>12</sup>

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<sup>12</sup>Here it should be noted that the model takes the region as a primarily economic rather than administrative or agro-environmental concept: "It is the network of interconnections that gives a region its identification and unity" - FAO (1990b), p. 47. This will obviously have consequences for the conventional tools of rural development strategies. Decentralized and differentiated policies that meet regionalized demands should give priority to tools that can be most easily adjusted to target the specific problems of each type of producer or region. For example, prices cannot be a tool of differentiated policies, because the market tends to produce price uniformity, and price subsidies would therefore lead to the drainage of such funding towards producers with no need of such support. The same thing applies to subsidized loans, which would generate rents for large-scale producers. From this point of view, the use of direct support in the form of working capital, investment in infrastructures and the implementation of new production or processing processes, or even financing the consumption of the most disadvantaged producers, would be more effective. Insofar as there is no tradition of working with differentiated and regionalized policies, FAO can play a major role through support of institutional modernization in order to implement differentiated policies, through provision of methods to classify producers, and through technical assistance in the regionalization of demands.

<b>Support policies: Information, training and organization (IFO)</b>
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The RED-IFO decentralization model of regionalization and differentiation requires three complementary policies aimed at creating conditions for the participation of rural people in formulating rural development policies and strategy: i) access to information, ii) training, and iii) support for the organization of rural people.

*THE ROLE OF ACCESS TO INFORMATION IN DIALOGUE WITH THE STATE*

It was noted above that the absence or uneven distribution of information to the various actors in development hinders the coordination of activities and the generalization of local demands. This danger can be avoided if decentralization is accompanied by a policy of information with a twofold objective: **i) the production of information relevant to a rural development strategy, and ii) the creation of conditions allowing an uninterrupted flow of information between all the actors in rural development**, including local government.<sup>13</sup> Information and its even distribution is a precondition for the dialogue between the State and the actors in rural development, without which there can be no truly participatory development strategy.

A genuine dialogue between the actors in development cannot be established without common bases; in other words, the partners must have access to the same quantity and quality of information on institutional, macro-economic and technological constraints and opportunities, market trends, and the comparative advantages of different regions and products, as well as ways in which elements in countries belonging to a sub-regional trading bloc can complement one another.

The production and flow of information thus play the twofold role of **i) giving rural people some control over development activities<sup>14</sup> and ii) ensuring overall consistency in activities, inasmuch as rural people would have access to broader information than that on the specific local conditions and circumstances in which they are developing.**<sup>15</sup> This is a priority if decentralization

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<sup>13</sup>It should be remembered that one of the results of the debt crisis and the crisis in stabilization programmes has been that most efforts to produce information that could provide guidelines for the formulation of public policies have been abandoned. Moreover, when such information does exist, it remains centralized on the national decision-making level. Hoarded information is not an adequate basis for dialogue. Information must be produced, and its flow between parties ensured, so that dialogue can progress around the table. An interesting FAO initiative in this connection is the establishment of an information network for Mediterranean rural communities, with the aim of "sharing experiences among local partners .... By breaking down their isolation, it can help them to shorten time-frames and improve the quality of the decisions they take, thus reducing the social costs of such decisions. It can also contribute to a better division between the short and long term in investment planning and natural resource management" - FAO/SDA, "Système d'information pour les collectivités rurales méditerranéennes (CORUMED)," November 1995.

<sup>14</sup>In this way, the actors can identify the problems raised by decentralization as it is being enacted, as well as the remedies to be adopted.

<sup>15</sup>FAO has thus suggested that governments should "establish appropriate

is to be given an economic, technological and participatory content. However, information alone cannot guarantee the success of decentralization, and two other complementary policies are required: training and organization.

#### *TRAINING AS A MEANS OF AVOIDING INSTITUTIONAL VACUUMS*

If decentralization is not to lead to a reduced supply of support services, the transfer of functions must go hand-in-hand with a transfer of skills both to the local government level and to producers' organizations. Without such skill transfer, there is no guarantee that the decentralized functions will be fulfilled. Following a long period of paternalism and heavy intervention on the part of the centralized State, which obstructed rural people's capacity for independent action, **the technical skills of the other actors in development must be created or boosted so that the transferred functions can be effectively fulfilled.**

The critical importance of training is equally apparent in the context of a decentralization policy emphasizing the demands of the beneficiary people, inasmuch as it must be admitted that **the capacity to articulate demands is not evenly distributed** between the different municipalities and producers' organizations, a capacity that depends on a prior accumulation of social capital and individual organizational experience. Without a very strong training policy, decentralization can therefore favour the richest and best organized municipalities and organizations, which are not necessarily those with the greatest need for support but simply those most able to articulate their demands in terms of development projects. **Training must therefore be directed primarily towards municipalities and producers' organizations with a productive potential but a poor capacity to articulate their demands.**

Support for these less developed organizations through **training in formulating productive and profitable projects** that might have access to outside funding can be a priority area not only for joint action by States and international organizations, but also for **promoting partnerships with the private sector and experimenting with an entrepreneurial approach to rural development.** For example, exchanges could be organized between producers' organizations so that they could learn and profit from the experience of other organizations in countries that are already well on the road to decentralization and people's participation. International organizations can also help to bolster organization by supporting meetings between well-established producers' organizations and their less developed equivalents, or by backing the training of staff for intermediate associations. FAO has proposed "analyzing the political, economic and fiscal impact of different forms of decentralization so as to assist governments in developing strategies aimed at delegating increased decision-making, revenue-raising and spending authority to local levels."<sup>16</sup>

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mechanisms for collecting, processing and disseminating data on people's participation and people's organizations on a systematic and regular basis so as to assist in policy formulation and decision-making ... [and] collect, process and disseminate information on people's participation, using indicators adapted to the specific nature of different types of people's organizations" - FAO (1992), p. 12.

<sup>16</sup>FAO (1992), p. 9. It will be clear that this issue cuts across risks 3 (reduced supply of support services) and 4 (takeover of decentralization by local élites), and it will therefore be taken up below when describing policies in support of organization.

In short, **the legacy of paternalism and centralized interventions** explains why producers and their organizations do not always seem capable of taking over from state agencies in performing certain functions. Producers are not alone in this lack of preparation for the challenges of decentralization, for even local-level state employees do not always have the necessary skills to conduct the dialogue with the beneficiaries of policies, since they have been accustomed merely to implementing directives decided higher up with no reference to themselves.

#### *ORGANIZATION AND MEDIATION MECHANISMS*

The availability of relevant and comprehensive information as well as training and the transfer of skills are in themselves the first line of defence against the takeover of decentralization by local élites. However, they may be insufficient if the rural population has no strong organization to allow it to participate in the formulation, implementation and evaluation of policies. The third complementary policy to decentralization is therefore that of **support for existing organizations, and in some cases the creation of intermediate associations, and the recognition of these associations as privileged dialogue partners with the state, by establishing a juridical framework encouraging such participation.**<sup>17</sup> Organization is important for a number of reasons.

Organization can first of all ensure that the forms taken by decentralization are more **a response to a real demand for participation** by rural people than a policy decided and formulated at some higher level and in a centralized way. The goals, forms and pace of decentralization can thus be defined and negotiated with its real beneficiaries. Organization can also be a condition for the success of decentralization insofar as it can lead to **locally generated innovations** which allow intermediate associations to play an active role in differentiating and regionalizing policies. Organization can enable producers to become protagonists of their own development, insofar as it allows them to establish or boost their capacity to take over hitherto centralized functions.<sup>18</sup>

Organization is important, lastly, in a decentralization strategy, the success of which depends on the establishment of **local structures to mediate conflicts** and thus allow social pressure to be translated into the formulation of development projects and programmes. If this is to take place, it must be recognized that **social pressure, mobilization and even conflict** can play a supremely positive role: **through decentralized mediating mechanisms**, conflict can become a device to provide demands with a structure, and assemble them into a rural development strategy. Centralized states have tended to see conflict simply as opposition to their intervention, whereas in most cases conflict in fact

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<sup>17</sup>"Laws which recognize the rights of rural people to establish new autonomous economic organizations serving their needs or which give authority to local governments to spend locally generated tax revenues can foster local initiatives in support of people's participation" - FAO (1992), p. 7.

<sup>18</sup>In situations where there is little experience of organization and no structure capable of conducting dialogue with the State, an alternative arrangement can be set up in the form of agricultural congresses on specific issues to be held once or twice a year, on the local and then the regional level. An experiment of this type was carried out in Iraq: "In these congresses, farmers and central government officials are represented. These meetings formulate the working plan document for the following agricultural season in line with national agricultural development objectives and strategies" - FAO (1990b), p. 22. Another example of local innovation comes from Jordan, where "in many villages, the daily work is usually carried out by mutual understanding between the head of family clans (*al-Mukhtar*) and the administrative representative of the central government" - *ibid.*

represented a **call for intervention**. If this call took the form of conflict, it was because there was no provision for dialogue on the local and regional levels.

However, **institutional weakness of the State and/or producers' organizations is bound to lead to the failure of mediation**, and without such mediation there can be no consensus, no strategy for viable, sustainable and participatory rural development, and no general framework of dynamic relations between the actors in rural development. For example, the central government may be unable to involve local government levels in working towards decentralization because they are dominated by local powers and regional élites who have a very different agenda. Once again, social pressure can prove an effective bridge, enabling the State to implement its decentralization policy.<sup>19</sup>

Conditions for turning social pressure to positive use are not always present, but must be created by dialogue, by proximity to actual situations and by making the State aware that its actions can be made more effective **if it sees conflict not as an obstacle to its intervention but as a means of grasping the demands for intervention implicit in such conflict**. Organization can thus help to build up the notion of economic and social citizenship and develop a new relationship of dialogue and mediation between State and intermediate associations.

#### *THE DECENTRALIZATION TIMETABLE*

**The pace of decentralization** is a primary issue requiring dialogue and coordination between State and intermediate associations. The pace should be slow enough for the beneficiaries of decentralization to make the necessary adaptations,<sup>20</sup> but fast enough to prevent forces opposed to decentralization from organizing against it and irrevocably hampering its progress. The variety in regional situations and in the production conditions and strategies of each type of producer must be recognized as constraints on the pace of decentralization, which must therefore be decided on the basis of multilateral dialogue between national and local actors and a regionalization of the outcome of such dialogue by taking account of the views of intermediate associations. This will allow adjustment of the pace of decentralization depending on the specific capacity of each region, municipality and type of producer to shoulder and develop decentralized functions.

Decentralization must therefore be seen as a **progressive process of transfer of functions, resources and decision-making powers** from the state to intermediate associations and local levels of government at the pace allowed by reinforcement of intermediate associations and creation and consolidation of the mechanisms that such associations set up as they develop. Given the wide differences in rural areas and types of agriculture, decentralization must of necessity be a comprehensive, but staggered process, moving from stage to stage as the necessary conditions for each are set up and institutionalized.<sup>21</sup> This must be complemented by coordination between State

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<sup>19</sup>"Summoning up the necessary political will to apply rural development policies ... - in the face of resistance by human and economic interests such as local élite groups, bureaucrats, economic groupings, the military - is without doubt the most difficult task facing governments. This would be made easier if a broad-based alliance behind such a policy could be forged" - FAO (1995a), p. 2. FAO's analysis of Nepal's experience shows that this is one of the major constraints on decentralization, "namely the reluctance of the established administration to part with power" - FAO (1985), p. 26.

<sup>20</sup>Some of these adaptations will be described in Section III.

<sup>21</sup>India's experience may be interesting here. According to the FAO report on decentralization in Asia and the Pacific, "in a federal setup such as that of India, where states are in various stages of the

and intermediate associations, with input from other economic and technical institutions, as to the best timetable for decentralization. The ongoing nature of decentralization obviously also applies to the timetable for the transfer of sources and mechanisms for financing the decentralized functions. The medium-term perspective here would be that whoever receives a decentralized function or action should have complete financial autonomy in order to fulfil it as expediently as possible.<sup>22</sup>

**SECTION III.**  
**THE FUNCTIONS OF INTERMEDIATE ASSOCIATIONS**  
**IN THE RED-IFO DECENTRALIZATION MODEL**

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The decentralization method (regionalization/differentiation) and its complementary policies (information/training/organization) described above are patently incompatible with a centralized State that sees itself as the sole actor in development (the active supplier of strategies and services) and the people simply as passive recipients of its policies. In a centralized strategy, there is no need for dialogue since there is no recognition of any dialogue partners, still less of variations between them. Differentiation and regionalization, on the other hand, assume the existence of a dialogue between those with different operating approaches. If the latter method and policies are to be implemented, **centralized state institutions have to give way to new institutions capable of establishing conditions of dialogue between producers' organizations and the other actors in rural development: international organizations, ministries responsible for rural development, the private sector and NGOs.**

However, it is equally important that these new institutions not be, as in the past, the result of a centralized conception on the part of the State to deliver information, training and organization to rural people. They should be **a creation of rural people themselves, who set up their own representative and technical structures so that they can enter into dialogue with all their partners.** This is why **the linchpin of the RED-IFO model is the establishment, conversion or strengthening of intermediate associations,** which have the task of helping to design rural development strategies in close consultation with the other actors in rural development. There are three reasons for the central importance of intermediate associations:

- a) They can guide the State in the differentiation of policies that must complement decentralization.
- b) They contribute their ability to synthesize and regionalize the needs and demands of rural people.
- c) They can in due course gain sufficient maturity to build up partnerships with other actors in rural development.

However, intermediate associations must be provided with the means to play these three roles, through the establishment of bodies enabling them to fulfil their functions of representation, coordination and technical support. It is neither possible nor desirable to specify the precise form of

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centralization-decentralization continuum, the stages approach provides a particularly flexible avenue making progressive transformation possible, accumulating experience and making necessary adaptations" - FAO (1985), p. 15, and Annex II to the present report.

<sup>22</sup>A counter-example here would be that of the Republic of the Sudan, which is, according to FAO, "one of the most extensive attempts in the Near East and North Africa at devolution of power from the centre to regional levels ... [but] according to critics, while a wide range of responsibilities were assigned to the regions little money was passed with those responsibilities" - FAO (1990b), pp. 29 and 31.

these bodies, since this will depend on the history and level of maturity of the intermediate associations, and on the conditions of each geographical area and country. This presentation of the RED-IFO decentralization model *can*, however, firstly explain the **functions** intermediate associations will be called on to fulfil in the decentralization process, and secondly indicate the type of **bodies** which could help them to do so.<sup>23</sup> Five major functions and bodies should be listed here.

1. Policy differentiation and demand regionalization seek to take account of the specific problems of each type of producer, region and sector. Intermediate associations therefore require information on these three groupings in order to offer proposals as to the content of differentiated policies. A statistical monitoring centre would be a suitable instrument here, and would have particular responsibility for producing information geared to the various types of producer and region through surveys which would initially provide a general picture of the different types of producer and their problems, and then of changes arising from the new decentralization policies.
2. Intermediate associations must **identify the specific problems of each sector in its different stages**: loans, input procurement, production, processing and packaging, and marketing and distribution. As they develop, intermediate associations could thus constitute **sectorial groups** responsible for identifying training needs arising from the sector's problems, sending essential information on the components of the sector to the various units of the statistical monitoring centre, and establishing dialogue with the ministry responsible for rural development so that it can be kept abreast of current and predicted developments in each sector. This could be an initial way of channelling social pressure and mediating in any conflict of interest either within the sector or between it and its environment. The sector-based approach is important since it is the first link in **building up partnerships between agricultural producers and the private sector**, in order to harmonize market requirements in terms of quality with the features of inputs (for example, seed types), production methods (the most appropriate timetables and fertilizers), processing procedures (post-harvest processing, grading, packing) and the distribution network in order to reach targeted markets.<sup>24</sup>
3. As preparation for dialogue with the State and the other actors in rural development and for **the presentation of suggestions on the general orientation of rural development or, for example, the pace of decentralization**, associations must possess comprehensive and

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<sup>23</sup>These bodies could actually have their origin in the intermediate associations, and if this is not at first possible, they could be set up in partnership with the State or other actors in rural development. Two recent FAO projects in support of institutional restructuring in Togo and Haiti are at present engaged in strengthening intermediate associations, thus providing interesting reference points for new organizations; see FAO (1995b) and FAO (1995c). See also FAO (1985), FAO (1990a) and FAO (1990b).

<sup>24</sup>In connection with the aspect of building up partnerships with the private sector and developing an entrepreneurial approach to rural development, the recent experiment in Slovenia in establishing an institutional support network for small businesses merits analysis. "This initiative is oriented towards local communities, offering the basic support in development of the community development programs which will be overseen centrally and supported in all phases of implementation by the different institutions, combining sources and instruments to achieve the maximum result."

relevant information on the economic, institutional and technological environment in which the rural population is developing, and also make this information available to rural producers. This task could be fulfilled by establishing **an economic monitoring centre** responsible for systematizing and lumping data on i) state standardization and regulation, ii) the comparative advantages of each region and sector in the national context and in terms of international markets, iii) market trends with respect to lead commodities and price trends, iv) technological alternatives available for processes of production specialization/ diversification and technological modernization, and v) profitable business opportunities.<sup>25</sup>

4. Intermediate associations must perform **a support function in the task of boosting rural people's skills** so that they can take over the activities transferred by decentralization, and also build up productive partnerships with the private sector and make the best use of NGO expertise. A structure such as a **technical support institute** could fulfil this **function of transfer of skills and training**.<sup>26</sup> It should have a strong enough presence on the local level to ensure an appropriate response to the specific circumstances and problems of each type of producer and sector, and this local presence could be supplemented, depending on the specific case, through recourse to the expertise of the private sector, public and private agricultural research and training bodies and universities, and NGOs.

The ministry responsible for rural development could support the work of the institute through its own agricultural training structures and through financial contributions to specific support programmes targeting priority groups. Lastly, the private sector and NGOs could i) establish partnership relations in the form of specific contracts and the transfer of information and expertise on available methods and technology, and their use, ii) provide partial finance for the introduction, trial and refinement of new processing and packaging techniques, and iii) facilitate the introduction of processed products onto new markets.

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<sup>25</sup>FAO has support procedures for the work of this type of economic monitoring centre, and these could be made available to intermediate associations; see FAO (1992), p. 6. Structures of this type already exist in Latin America, one of the most successful examples apparently being the Comisiones estaduais de Planificacon agricola (CEPA) in Brazil, which produce studies and analyses on specific products, and also on programmes and projects for investment and agricultural and rural development. There is a similar structures in Colombia: the Regional Unit for Agricultural Planning (URPA). In both cases, FAO technical assistance has been important for the composition and working of these structures; see FAO (1992b), p. 41. However, these are government institutions and were not set up by and for producers.

<sup>26</sup>Until training can play its part and build up an effective pool of qualified staff, other solutions can be explored. "The arrangement made by Morocco to assist the elected local councils is particularly noteworthy. In 1977, the central government created a special new corps of posts in the local service. A centrally trained and paid civil servant designated as secretary-general has been proposed to be seconded to each rural commune to assist the local body in project formulation and other tasks of planning" - FAO (1990b), p. 41. Bangladesh has instituted a similar scheme to bolster the intervention capacity of the *parishads* (structures for dialogue between political, professional and technical bodies): "As it will take some time for the *upazila parishad* to develop the expertise required to identify and formulate development projects, the national government has deployed many of its own officials to work for these *parishads* to assist in performing these functions" - FAO (1985), p. 19.

5. Lastly, apart from acting as the framework for dialogue and coordination between producers, the intermediate associations must **promote ways and means of dialogue with the State** so as to counter tendencies towards the appearance of patronage and the takeover of decentralization by local powers and regional élites. These ways and means could take the form of discussion and coordination committees which would be the main forum for dialogue between these associations and the State representatives responsible for the sector, namely the rural development ministry. They would make it possible to deal with the specific problems of each sector in a united fashion and also articulate requests for support from the State and other actors in rural development in clear and consistent terms. An important element here would be the establishment of **an intermediate associations network** to facilitate the exchange of information, experience and mutual aid. It would organize the flow of information between regional intermediate associations and could suggest types of technical cooperation between them. It would increase the rural population's capacity to formulate recommendations and carry on dialogue with the other actors in rural development.

Such an effort at organization on the part of intermediate associations would facilitate comprehensive implementation of the decentralization process and rural development activities by building on **an ongoing dialogue between the ministry responsible for rural development, the other actors in development and the intermediate associations network**.<sup>27</sup> In this way the ministry responsible for rural development would gradually become the forum for mediation and arbitration by setting up mechanisms for the coordination and participation of rural people on all levels. This kind of decentralization would enable the State to be effectively present on the ground and to keep in touch with local conditions, without losing its capacity for a comprehensive overview and approach to the development of the rural sector.

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<sup>27</sup>A network similar to that of the *Chambres d'Agriculture* has been developed by FAO in such countries as Mali, Togo and Haiti, and in the Maghreb region.

## CONCLUSIONS ON THE DIRECTION TO BE GIVEN TO DECENTRALIZATION

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There is a growing consensus today that the rural sector has a crucial role to play in the goals of reducing poverty, assuring food security and improving natural resource management. It is also recognized that decentralization can improve the performance of actions aimed at development of this sector. Decentralization and rural development have thus become one of the main strategies of international organizations. Consensus is not enough, however, and **each country must set up an institutional mechanism allowing transformation of consensus into sustainable and participatory rural development.** The RED-IFO model is intended to help the actors in rural development to see the dangers and potential of a decentralization policy, and the conditions for its success. The keystone of the model is the establishment of conditions allowing people to share in the choice and performance of the actions that will decide their future. Leaving aside the fact that if decentralization is to succeed it must be **a general process** and include all forms of public intervention and **a revision of the legislative framework** of each country, its major challenge so far as the rural sector is concerned lies in management of **the tension between acknowledging collective but local initiatives and the need to integrate these into an overall picture.** How can this tension be resolved when on the one hand there is no room for manoeuvre nor the political will to return to old-style State intervention, and on the other a coherent overview cannot automatically appear simply on the basis of the sum of local initiatives? Differentiation, regionalization and the boosting of intermediate associations can help resolve the tension, for these three mechanisms create conditions for dialogue between the actors in rural development.

In the model presented here, FAO implicitly recognizes that decentralization cannot realize its full potential unless it goes hand-in-hand with reinforcement of democracy as a system for expressing interests, conflicts and mediation, so that the transition from a supply-based approach to a demand-based one can be achieved: i) through pressure from the beneficiaries of policies, ii) with no vacuums being caused by decentralization, and iii) by building up a comprehensive, coherent and participatory strategy that encompasses specialization of production, technological modernization and the creation of dynamic comparative advantages, and does not work solely in favour of the strongest and best organized actors. The creation of **a new alliance for sustainable, viable and participatory rural development** is therefore being proposed, with **rural people participating fully "in the expansion of rural markets, savings and investment, all key ingredients in any rural development process."**<sup>28</sup>

This new alliance would allow a shift from an "assistentialist" approach to rural development to a policy entailing identification and effective use of productive and profitable activities - both agricultural and other - in the rural sector. Research into economic alternatives and extension of the range of options available to rural people could therefore be a priority. Decentralization of its nature supposes that what is not the centre - i.e. the periphery, the target of decentralization - is strong and dynamic so that its actors can take on the functions and activities being decentralized. **Decentralization must focus on development of the rural sector in order to make it a sphere of expanded reproduction.** The decentralization model must therefore lead to a redirection of human and financial resources towards the rural sector, particularly its most disadvantaged members. This means recognizing that "investing in the sustainable development of the potential of agriculture, forestry and fisheries will cost much less in the longer term than solving the social problems that rural neglect is generating."<sup>29</sup>

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<sup>28</sup>FAO (1992), p. 3.

<sup>29</sup>FAO (1995a), p. 1.

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