

Why Poverty Alleviation takes so much time

Success depends on every link in the chain

Sustainable social development is a complex phenomena. There is certainly no recipe to solve our problems, even if we add to our strategy a new dimension of poverty alleviation.

But I would like to show here on the basis of two concrete project cases that constructive social development is quite possible, provided that a number of conditions can be fulfilled, and provided that the observer has enough patience and time to wait.

I should like to show 2 examples

- a simple one at the grassroots of rural El Salvador starting during the civil war of the 1980's.
- and a macro case, the story of road construction and maintenance in Nepal.
- and then to draw a few conclusions. In both cases I had been involved personally.

The case of agricultural cooperatives in El Salvador

One of the main problems for the rural poor in El Salvador has been land and the land reforms connected with it. This has been so since a bloody massacre of farm labour occurred already in 1931, known as „la matanza“, and has overshadowed all the attempts on reforms undertaken since then. In the early 1950s, when I first had worked in El Salvador, the small country had hardly 2 million people. Now it has 6 million.

I like to tell you briefly the story of the Christian based community of Santa Anita, an agricultural community of something over 50 families, stimulated by a Catholic priest to work together. Thus a cooperative was founded in the late 1980s, during the civil war, and with the help of FINATA, the national land institute, a piece of land in an old hacienda has been found. This was good land for coffee and also sugar cane, received on a mortgage in the region of Guazapa, located in one of the main regions of war activities.

The members of the community had no capital, no machinery and equipment, no housing but only their hands to work with. They had to make the down payments on their land debt and also needed production credit from a local cooperative. Even during the war, the armies on both sides, of the government and of the various groups of the rebels, were raiding through the fields of the new community, and a neighboring group occupied part of the land while another group burned part of the

coffee corp. The position of Santa Anita between the lines, not wanting to participate in the war on either side, was precarious. This insecurity lasted till several months after the peace accord in 1992 and took many negotiations with the numerous groups involved.

Many domestic organizations were involved in straightening out these land questions, but after the payment of two installments of the land debt there was simply no cash left. There was nothing more but debts and the land institute FINATA already negotiated for taking over the land again. The outlook on the future was bleak, as it was also for many other cooperatives in the country in this post-war situation.

Then awareness about the difficult situation of many rural people helped. A Catholic nun who had been working with ONSUAL and other aid organizations organized study tours for different foreign groups interested in the post-war situation. In 1994 she led a group former international volunteers (who had been working in a land reform program in El Salvador in the early 1950s, a time which was recalled by many local people as the „golden age“) to the community of Santa Anita. This community people seemed still to be convinced about their cause. But the situation still seemed to be hopeless.

Nevertheless, the visiting ex-volunteers, most of them now retired, disturbed about what seemed to be a hopeless situation, decided to try to raise some money and see what could be done to cover the most urgent debts. The collection was successful and the most urgent debts for production credit could be repaid and with FINATA a mortgage on the future harvests of coffee and sugar cane was negotiated for payments on the land debt. Thus the hard work could go on, but the future still looked dark.

Of course, everybody realized that this phase of relief was not the entire solution. In order to get on the path of progress, some kind of technical assistance with training the people was also needed. This was particularly urgent in the field of finances, in accounting and in farm management. Actually in the immediate post-war period, an international aid program had paid a local consultant for the elaboration of a farm management plan, but afterwards no funds were available to implement it. We looked around for a local NGO but the first contact was not successful. Too great was the fear by the community to come under the control of another, unknown and strange organization that might try to influence them politically.

In 1996 the government had realized that the cooperatives created after the war (and also earlier ones) were not viable if the land debts had be paid fully. Productivity was too low. A government decision was announced that 70% of the debt would be forgiven if the 30% could be paid within one year. This was good news for many rural communities and they were stimulated to see what could be done. But to find the 30% needed was still not easy. The ex-volunteers (who had already helped in the first place) were immediately called upon by the leadership of the cooperative to see if an interest-free loan could be provided to cover 20% of the debt. 10% or 110'000 Colones could be provided from harvests on coffee and sugar cane. Luckily the volunteers were successful again and \$ 40'000 was raised.

In April 1997 a mission of three couples from the former volunteers arrived at Santa Anita to discuss the future cooperation and sign an agreement for the provision of a soft loan (to be repaid within 3 years and to be put into a revolving fund). Luckily an agricultural engineer to provide the financial advice and training to the cooperative as well as to update the farm management plan was found and he could start already work at the beginning of 1997. But working capital was still hardly available and investment funds to build up the old coffee areas were simply not existing.

In the meantime the settlement of the actual payment of the land debt was delayed on the side of the government. The issue was raised in parliament if 30% could really be paid by the campesinos in the cooperatives or if the entire land debt should not simply be forgiven. After more than an year of negotiation in parliament, the president of El Salvador could sign a new decree that only 15% of the debt had to be paid. Thus with the loan of the „Friends of Santa Anita“ and the contribution of C 110'000 the 15% was paid immediately and the land could be transferred into the ownership of the cooperative. The rest of the money collected could be used to cover the cost of the training programs in the cooperative.

To follow up on such a program, including the operation of a revolving fund, a local organization in El Salvador was needed. For this a committee of local Salvadorian volunteers with experience in rural development could be set up. Among this group was Julio, a campesino leader who had already worked with the community of Santa Anita since many years, Carolina, a Franciscan Sister who had often helped and visited the community, Carmen and Transito as social educators, Eduardo and Romeo as leaders of organizations to help rural communities, and finally Conchita, a social worker who had been working already with some of the former volunteers in the 1950's. This committee, who served on a volunteer basis could also help the community, when needed, with the finding of a lawyer to settle legal questions or by talking to friendly politicians who could give advice.

This saving of the community of Santa Anita had different effects. One was that a larger Spanish NGO became interested in the community and started with a program of social investments, first with a community building, followed by a kindergarten and later with a drinking water supply. This was a welcome help in a program which concentrated in the first place in helping to provide the economic basis of the community.

The second effect was that other communities in the neighborhood of the town of Suchitoto (the capital of the Department of Cuscatlan) also noticed the progress at Santa Anita. They also had the same needs in accounting and in financial management, as well as in training with operating a computer. Thus by January 1, 2000, technical assistance work also started in a larger community, in El Barrio, by reducing the time which was given for training at Santa Anita. Requests were also received from other interested communities.

Another link to the basic problems of rural El Salvador showed up in a report by the World Bank, published in 1998. This report came to the conclusion that relying primarily on land redistribution was not a realistic option to alleviate rural poverty. Rather a strategy which focused on non-land factors (human capital, infrastructure,

off-farm employment, technology) was needed. Above all, the challenge for rural development based on cooperative organizations was to improve governance. Cooperative management should be subject to controls like any other business enterprise for the benefit of their members as shareholders: external audits, management representation and professionalism were needed.

Indeed the World Bank report found that although 30% of the agricultural land belonged to cooperatives, they only produced 8 % of the agricultural GDP. One main reason was inefficient control of accounting management. There would be, thus, a great potential for increasing rural GDP through better governance and accounting.

This is the direction the organization of ex-volunteers is encouraging in Santa Anita, El Barrio and possibly in other similar communities. But experience at Santa Anita also teaches us that good governance depends always on individual people. Thus creating understanding and cooperation among individual members of cooperatives is finally the basis of lasting success. These problems have still to be solved before a substantial alleviation of poverty can be achieved.

#### Mountain Roads open the way for Development in Nepal

Quite another, indirect way to alleviate poverty has been taken in Nepal. This is the story of roads in the difficult topographical conditions in the hills and mountains of Nepal. This story which has a great (real and potential) impact on poverty is just 40 years old. The first road link from India to the capital of Kathmandu was built by the Indian Army and opened only in 1956. In a land without any roads transport to the far-off regions of the country on porters back took often weeks. Many parts of the country were practically cut off from the capital and could only be reached by passing through India. The cost of transport was thus quite prohibitive.

In the 1960's a few larger trunk roads were constructed with the aid of the big powers, China and India, followed later also by the US, the Sovjet Union and the British. The East-West Highway linked for the first time, in the 1970's, the different parts of the country together without passing through India. But for the smaller roads in the hills and mountains, linking mountain valleys to markets, practically nothing existed until 25 years ago. Even today many parts of the mountainous regions are quite inaccessible except by foot or by helicopter. And this in spite of the mention of top priority for transport and roads in every 5-year plan of HMG (His Majesty's Government of Nepal) since 45 years. There were plenty of reasons for this gap between the official declaration and the harsh reality of everyday life.

One of the main reasons was that a number of knowledgeable international experts were convinced that in the difficult conditions of the Nepal Himalayas, roads were simply not feasible. This was a mission impossible and these experts were strongly advising against the construction of any roads. And for a while they seemed to be justified. Had not the first road to India, the Tribhuvan Rajpath, been blocked by landslides in every rainy season, and other main roads were not much better off? In addition the low traffic volume in a poor economy, considering the rugged topography

of the Himalayas, the unstable condition of the environment and the great danger of erosion, would never justify the high, even exorbitant cost of roads. Once built, the roads would never be maintained and the invested capital would be lost within a few years. The high rainfall alone, 4000 mm per year in many parts of the country, concentrated during a few monsoon months, and very often concentrated on a few days and hours, would simply be too much for any infrastructure construction. And a first evaluation study on the impact of roads in Mid-Western Nepal, carried out a few years after construction did not show positive results for development.

Thus Nepal seemed to be condemned to live without any roads, with exception of those built (for strategic reasons) by the big neighbors India and China, being rehabilitated every few years as a gift to Nepal. Beyond this very limited network of roads, the rest of the country seemed to have to renounce a more intensive development due to lack of roads. And to talk about any agricultural development in the mountain regions seemed to be out of question. The transport of food or agricultural produce was simply non-affordable.

It was therefore a somewhat controversial decision when the Swiss Development Cooperation, SDC, decided, just over 25 years ago, to try to plan and build a 110 km long, 3m wide, mountain road to open access to two new mountain districts. This meant to ask the Swiss parliament for a necessary first credit and ask the Nepal government to accept a reimbursable loan of the same amount of Swiss Francs 15 million to cover part of the construction cost. The entire construction should be carried out in a labour-intensive way, leaving a considerable part of the building cost as income of the local workers in the region. The road should be built so as to protect the environment. It should also be carried out as project under the management of the Department of Roads of HMG. This method presented many difficulties and the construction required 10 years and required patience.

But in the end it was worth it. Without being planned so, the road project became – what we would call now – the beginning of a capacity building project which continued later for the Swiss program for 25 years. Many of the Nepalese engineers working on that road to Jiri (the location in the mountain district of Dolakha where it ended) were far too often changed by the Department of Roads, but in this way a large number of them gained a useful experience for later construction work, be it with the Chinese or the British, the Indians or the Americans or projects financed by the Asian Development Bank or others, or being later associated with the management of the Roads Department in Kathmandu.

In this way many of specific construction methods developed on the Jiri road could be copied almost automatically in other projects all over the country. This was particularly obvious in the case of the environment-protection method of bio-engineering. Many other new methods, such as protection against water damage or working with small local contractors, being responsible for only a few hundreds of meters, became also quite popular. The latter method was further development later on by the Germans in small road projects which were run without any contractors but only with local labor gangs organized by the villagers themselves. To the time required for construction was later added an additional period of 8 years of maintenance of the same stretch of road.

The experience of this first road has been used in many ways, in particular in setting up a road management program – the MRCU – in the Department of Roads, operated jointly between the British ODA and the Swiss SDC and HMG, having been now in operation for 10 years, drawing up the road standards and policies in the sector for a nationwide program. A national Maintenance Training Program was also based on the experience of the Jiri road, and now bears fruit in training workers for operating and maintaining the strategic network of roads for the country. In this way a very high return on original investment has been created. This can be added to the profitability of the road created by the benefits of the roads opening up the various regions for agricultural and general development.

In the meantime, 15 years after the inauguration, the first road to Jiri could show some very positive impact. A very dense passenger traffic with busses developed quickly, while freight traffic developed much more slowly. But the road could also be used as a starting point for other roads to be constructed, such as the case of an access road to the Khimti river where a hydropower plant, financed by the Norwegians, was built.

Above all, the transport cost dropped sharply and became much cheaper for the region. And the cost of living became also cheaper. Especially agricultural development was greatly facilitated in the region and the sale for many products became only feasible since the construction of the road. A survey taken by Nepalis who had been working in this area more than 30 years ago came to a very positive conclusion. In a valley practically entirely illiterate until 40 years ago the situation had improved even for poor people. The valley was no longer a food deficit area and the region became self-sufficient in food production.

So many people felt that life was now much better than earlier. Many people said „the road has changed my life“. And the people were proud of the standards of education their children had achieved. Two of them had even become medical doctors. Besides the road the opening of the first primary school in the 1960's, now a high school for the region, had also a great positive impact, felt by practically everybody.

At the national level, the joint road programs between the British and the Swiss, and Germans and the Swiss, in cooperation with the national Nepalese program at the Roads Department were strengthened since 10 years with support by the World Bank, the UNDP and also the Asian Development Bank (ADB). This led over the years to an increased comprehension about road construction and maintenance. Even for Nepali staff, maintenance is no longer a strange thing pushed by foreigners. It seems also that competition between the various donor programs in the road sector in Nepal has gradually diminished and cooperation has increased. There is some hope that a better cooperation will be possible in the large new nationwide program of district roads, implemented on the basis of local district master transport plans. If this international cooperation can be further improved, it would also work to the benefit of the poor.

Of course, all this good news will not mean that all the problems have been solved. This would be unrealistic. There is still plenty to do. In particular the use of all the technical experience accumulated over 20 years in the Department of Roads and the transfer of this to another ministry, the Ministry of Local Development, now in charge

of district roads, will pose some interesting challenges. It may take quite some ingenuity, and also excellent personal cooperation between the leading Nepalese staff, in order to avoid re-inventing the wheel all too often again.

It is also possible that the problem of the Maoist guerrilla, a kind of Nepalese type of „Sendero Luminoso“ in Peru, might be partially solved by better road access to remote areas, thus improving the standard of living and possibly encouraging negotiations for a peaceful settlement.

If this closer international cooperation between the many multilateral and bilateral aid programs continues to work, then even a weak Nepal government with frequent changes would be less harmful. The chance that poverty in the countryside may be slowly diminished, may be grater.

#### A few conclusions

Either small grassroots projects with the help of NGO's or larger nationwide programs with the assistance of multilateral and bilateral organizations may be effective to promote poverty alleviation.

What is needed in either case are about the same qualities. Sufficient continuity in a long term program is important – sometimes this should extend over 30 years, as in the case of roads in Nepal.

Good governance at all levels, at the national level of government and at the level of the board of a cooperative are indispensable. A sound policy at the macro level is very helpful, e.g. the realization of government and at the international level that debt alleviation can be a very important instrument to encourage development and improve the standard of living of the people. Democracy and a policy of decentralization may become very important to stimulate new local initiative. This was certainly the case in the region of Jiri, after the introduction of democracy in 1990 and the start of decentralization.

The importance of technical assistance, especially of training, is still as important as at the time of its introduction in the early 1950's. But even at the time instant communication all over the world, we cannot expect results by tomorrow. We still need the patience to wait at least for a few years.

A social concern for the benefits the poor people should get out of the program is important at every level, in every administration or organization. Awareness is needed everywhere.

But the most important is still the commitment to the cause of poverty alleviation by all the actors related to any project. And good leadership is still the key to success everywhere.

Rolf Wilhelm

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Nepal



Territory:	147'000 sq.Km
Population	23 mio. (8 mio. 1958)
Population growth	2.8 % (4,5 % 1980's)
Population density	160
GNP per capita	210 \$
GNP rank	199
HDI rank	144

Development started in the late 1950's.

One of main issues: Isolation of many regions,  
particularly in mountain areas.

What helped the development of the country?

- Early experience without transport connections
- Technical and financial aid to road sector, using appropriate technology, capacity building and developing standards, maintenance program
- Roads can pay for their costs
- Democracy (since 1990) encourages local initiative
- Agricultural development becomes possible with roads
- Poverty alleviation is possible (demonstration effect)
- improved international cooperation

El Salvador

Territory:	21'000 sq.Km
Population	6 mio. (2 mio. 1954)
Population growth	2,4 % (2,8 % 1980)
Population density	292
GNP per capita	1850 \$
GNP rank	107
HDI rank	107
Civil war	1980 – 1992
One of main issues:	Land and Land reform

What helped Santa Anita?

- Perseverance of community to overcome obstacles
- Awareness from outside
- Debt alleviation of 85 %
- Technical Assistance in financial field
- Executive Committee of Salvadorian volunteers
- Effects on NGO's and other rural communities
- World Bank assessment: improve governance in cooperatives

A few conclusion

- Both small grassroots projects and nationwide programs can contribute to poverty alleviation
- Sufficient continuity is needed
- Good governance at all levels is required

- Decentralization and Democracy helps
- Technical Assistance and Training is still important
- Patience is still necessary
- A social concern for poor people and awareness is required everywhere
- Most important is the personal commitment
- Good leadership is the key to success everywhere.