The Reality of Aid
An Independent Review of Poverty Reduction and Development Assistance

Aid for Agriculture and Rural Development

RealityCheck
JANUARY 2008

Issue prepared by IBON International / Reality of Aid Asia
about this issue

This edition of the Reality Check tackles pressing issues on aid for agriculture and rural development. The emerging consensus in development circles about the need to increase support for agriculture and rural development is certainly a welcome change after decades of relative neglect. But we need to go beyond “more of the same”. The challenge is not merely nor mainly in boosting growth and productivity but grappling with the issues of equality and justice.

This issue is prepared by

IBON International / Reality of Aid Asia
Agriculture is particularly important to the world’s poor. Three-fourths of the world’s population surviving on less than $2 per day live in rural areas and most of them depend directly or indirectly on agriculture for their survival. Indeed, it is no exaggeration to say that none of the Millennium Development Goals (MDG) can be attained without particular policies for agriculture and rural development (see Table 1).

However, the pivotal role that agriculture plays in ensuring people’s right to human development, ecological sustainability, gender equality and poverty eradication contrasts starkly with the trends in public spending and development assistance devoted to this sector over the last two-and-a-half decades.

Declining Expenditure for Agriculture

In the majority of developing countries public expenditure and aid to agriculture has been stagnant or declining for over two decades. According to a study covering 44 developing countries over the period 1980 to 2002¹ public expenditure in agriculture has increased over the last 25 years in real terms but has declined as a share of total government spending and as a proportion of agricultural gross domestic product (GDP) (see Tables 2 and 3).

The increase in real expenditures on agriculture is most evident for the Asian countries in the study, where real sector expenditures nearly tripled from 1980 to 2002 for a trend annual growth rate of 4.4 percent. But agriculture’s share of government expenditure declined from 15 percent to 9 percent over the same period. This is faster than the decline in agriculture’s contribution to GDP in the region which fell from 8.4 to 6.2 percent on average.²

In the African continent the actual increase in real spending has been modest even though the heads of state of the Assembly of the African Union pledged (in the Maputo Declaration of 2003) to raise spending on agriculture to 10 percent of their budgets within five years. In Sub-Saharan Africa, agriculture’s share of total government

² Ibid.
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spending actually fell from 6.4 percent to 4.5 percent from 1980 to 2002.³

In Latin America and the Caribbean (LAC), real expenditure on agriculture declined sharply between 1980 and 1990. It has recovered somewhat since then but remains below the 1980 level. For Latin America, agricultural spending as a percentage of agricultural GDP decreased from 19.5 percent in 1980 to 11.5 percent in 2002. LAC also experienced the steepest decline in spending to agriculture as a proportion of total government expenditure, falling from 8 percent to less than 3 percent over the same period.⁴

In all three regions, the decline in agriculture’s share of expenditure contrasts with the significant increase in health and education spending. This is a reflection of the relative prioritization of social sectors within poverty reduction strategies.⁵

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Table 1. MDGs and agriculture

<table>
<thead>
<tr>
<th>MDG</th>
<th>Particular significance of agriculture and rural areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Eradicate extreme poverty and hunger</td>
<td>900 million people or 70 percent of the world’s poor (living on less than $1 per day) are found in rural areas. Four-fifths of the hungry live in rural areas as smallholder farmers, pastoralists, fisherfolk or forest-users. Undernutrition is higher in agriculture-dependent economies.</td>
</tr>
<tr>
<td>2. Achieve universal primary education</td>
<td>Poor rural households often involve their children in agricultural production, thus constraining their educational opportunities.</td>
</tr>
<tr>
<td>3. Promote gender equality and empower women</td>
<td>Women are equally engaged in farming yet face unequal access to productive resources and exercise less control over agricultural production. They also spend more time on domestic work.</td>
</tr>
<tr>
<td>4. Reduce child mortality</td>
<td>As a result of poor nutrition and more limited access to quality health services, education, sanitation and protected water sources, mortality rates for children under five years of age are higher among rural children.</td>
</tr>
<tr>
<td>5. Improve maternal health</td>
<td>Access to proper diet (including nutrient-dense food crops) and health care is a significant determinant of maternal health.</td>
</tr>
<tr>
<td>6. Combat human immunodeficiency virus/ acquired immune deficiency syndrome (HIV/AIDS), malaria, and other diseases</td>
<td>Of the 25 countries in the world with an adult HIV infection level above 5 percent in 2001, all except two have predominantly rural populations. Changing local water management for irrigation may alter local disease ecologies, particularly for malaria and water-borne diseases. Increasing wage-labor migration associated with agriculture may expose populations to new diseases.</td>
</tr>
<tr>
<td>7. Ensure environmental sustainability</td>
<td>Intensive commercial agriculture is a major driving force for environmental degradation and climate change. Agriculture uses 85 percent of freshwater resources and contributes 25-33 percent of greenhouse gases; deforestation.</td>
</tr>
<tr>
<td>8. Develop a global partnership for development</td>
<td>Agriculture comprises a significant share of global trade. Developing agriculture requires significant capital investments, scientific and technical inputs, development assistance and international cooperation.</td>
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</tbody>
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³ Ibid.
⁴ Ibid.
⁵ Ibid.

Table 2. Public expenditure in agriculture, 1980-2002

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa (17)</td>
<td>7.3</td>
<td>7.9</td>
<td>9.9</td>
<td>12.6</td>
<td>7.4</td>
<td>5.4</td>
<td>5.7</td>
<td>6.7</td>
</tr>
<tr>
<td>Asia (11)</td>
<td>74.0</td>
<td>106.5</td>
<td>162.8</td>
<td>191.8</td>
<td>9.4</td>
<td>8.5</td>
<td>9.5</td>
<td>10.6</td>
</tr>
<tr>
<td>L. America and Caribbean (16)</td>
<td>30.5</td>
<td>11.5</td>
<td>18.2</td>
<td>21.2</td>
<td>19.5</td>
<td>6.8</td>
<td>11.1</td>
<td>11.6</td>
</tr>
<tr>
<td>Total Developing Countries</td>
<td>111.8</td>
<td>125.9</td>
<td>190.9</td>
<td>225.6</td>
<td>10.8</td>
<td>8.0</td>
<td>9.3</td>
<td>10.3</td>
</tr>
</tbody>
</table>


The relative neglect of agriculture is even more pronounced in the sectoral distribution of Official Development Assistance (ODA) flows over the last 25 years. Figure 1 above shows that ODA for agriculture has fallen by more than half between 1980 and 2005. Since total ODA commitments have increased by 250% in real terms over the same period, this means agriculture’s share of total ODA has dropped even more sharply, from 17% in 1982 to a meager 3% in 2005.

Even in the highly agriculture-dependent countries of Sub-Saharan Africa, aid for agriculture has declined, albeit less dramatically, over the same period. Between 1980 and 2002, ODA to agriculture halved in sub-Saharan Africa and decreased by 83% in South and Central Asia.

Table 3. Shares of total government spending by major sectors, 1980-2002

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7 UK Department for International Development (2004). Official development assistance to agriculture. DFID, U.K.
As in the case of public spending more generally, the decrease in ODA spending on agriculture contrasts with the increase in the share of social infrastructure and services. Spending for the latter sectors rose steadily between 1980 and 2002 from 9% to 33% of all ODA.8

Both multilateral and bilateral donors cut their spending on agriculture over the period 1980 to 2002 — from US$ 3.4 billion to US$ 0.5 billion (a decrease of 85%) in the case of multilaterals, and from US$ 2.8 billion to US$ 1.7 billion (a decrease of 39%) for bilaterals.9 Even the World Bank, which has traditionally been the leading provider of loan support to agriculture, reduced its support for the sector from a peak of around 31% of its total lending in 1979-81 at the height of the Green Revolution, to around 17% in the mid-1990s, to just 8.4% in 2001. Nevertheless, the Bank remains a major contributor, supplying about one-third of the total ODA to agriculture.10 It has also been increasing the share of its assistance devoted to agriculture since 2004 (up to 13 percent of all lending by 2006).11

Explaining the Neglect

A multiplicity of factors are behind the decline in resources made available to agriculture over the past two decades. The ideological shift away from state intervention in the economy towards the neoliberal model of market-led development is certainly a major factor. The dismantling of parastatals, reduction of subsidies for agriculture, and tighter fiscal constraints faced by developing countries under structural adjustment programs in the 1980s restricted the scope of public expenditure in the sector. Growth and efficiency in production, including agriculture, was perceived to be better supported by privatization, trade liberalization, deregulation and infrastructure spending. Poverty Reduction Strategies in the 1990s and the Millennium Challenge of the present decade has shifted the focus of state intervention and

8 Ibid.
9 Ibid. p.3
10 DFID (2004, p. 11)
expenditure (and ODA) on social sectors, particularly health and education.\footnote{Akroyd and Smith (2007)}

Donor confidence in agriculture also began to wane starting in the 1980s as enthusiasm for the Green Revolution wore off, replaced by frustration over its emerging limitations, particularly in Africa.\footnote{DFID (2004, p.4)} The Bank also notes the increasing “agroskepticism” on the part of donors because of unsuccessful interventions in agriculture, particularly the large-scale integrated rural development programs and the training-and-visit system of agricultural extension which had absorbed large amounts of funds in the past.\footnote{WB (2007)}

The relatively weak institutional capacities of developing country agriculture ministries and line agencies to claim limited resources and implement spatially dispersed programs have also been cited as a factor. With the demise of parastatals, donors found it increasingly more difficult and costly to identify and transact with multiple partners with diverging priorities and strategies in agriculture and rural development (even among government ministries).\footnote{DFID (2004, p. 4)}

In addition, the Bank cites the opposition of vested interests within some donor countries to supporting agriculture in their major export markets as another factor.\footnote{WB (2007)}

Towards a New Agenda for Agriculture?

In recent years, development circles and the donor community have taken note of the yawning gap between the needs and potential of the rural sector on the one hand and the resources available for its development on the other. Most aid agencies and donor governments have reviewed their rural development policies since the start of this decade and nearly all the major multilateral institutions have come up with key policy documents on rural poverty. Simon Maxwell of the Overseas

<table>
<thead>
<tr>
<th>Year</th>
<th>ODA to agriculture (constant 2002 US$, billions)</th>
<th>Total ODA (constant 2002 US$, billions)</th>
<th>Share of ODA to agriculture (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>6.2</td>
<td>37.1</td>
<td>16.7</td>
</tr>
<tr>
<td>1985</td>
<td>6.6</td>
<td>40.0</td>
<td>16.6</td>
</tr>
<tr>
<td>1990</td>
<td>5.4</td>
<td>44.8</td>
<td>12.0</td>
</tr>
<tr>
<td>1995</td>
<td>3.0</td>
<td>38.9</td>
<td>7.6</td>
</tr>
<tr>
<td>2002</td>
<td>2.3</td>
<td>61.4</td>
<td>3.7</td>
</tr>
</tbody>
</table>


\footnote{Akroyd and Smith (2007)} \footnote{DFID (2004, p.4)} \footnote{WB (2007)} \footnote{DFID (2004, p. 4)} \footnote{WB (2007)}
Development Institute (ODI) summarizes the key policy thrusts (circa 2003) of the four “market leaders” in this arena in Table 5 below.

There is greater attention to ecological concerns and a strong emphasis on poverty alleviation in all these policy documents, at least on paper. But there is also considerable inconsistency and ambivalence in terms of their vision of the role of the state, markets and civil society in ensuring human development. Indeed, the renewed attention directed at rural poverty has not yet been translated

<table>
<thead>
<tr>
<th>Key Document</th>
<th>Focus Areas and Main Thrusts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Poverty Report 2001: The Challenge of ending Rural Poverty (2001)</td>
<td>1. the role of food staples in the livelihoods of the rural poor; 2. allocation and distribution of water; 3. The importance, if poverty targets are to be met, of redistributing assets, institutions, technologies and markets; and 4. special attention to women, ethnic minorities, hill people and residents of semi-arid areas.</td>
</tr>
<tr>
<td>Fighting Rural Poverty: European Community policy and approach to rural development and sustainable natural resources management in developing countries (July 2002)</td>
<td>1. Promote broad-based rural economic growth; 2. Ensure more equitable access to productive assets, markets and services; 3. Support human and social development; 4. Ensure sustainable natural resources management; 5. Reduce vulnerability to risks; and 6. Address the social and political exclusion of the rural poor.</td>
</tr>
<tr>
<td>Anti-Hunger Programme: Reducing hunger through sustainable agricultural and rural development and wider access to food (July 2002)</td>
<td>1. Improve agricultural productivity and enhance livelihoods and food security in poor rural communities; 2. Develop and conserve natural resources; 3. Expand rural infrastructure (including capacity for food safety, plant and animal health) and broaden market access; 4. Strengthen capacity for knowledge generation and dissemination (research, extension, education and communication); and 5. Ensure access to food for the most needy through safety nets and other direct assistance.</td>
</tr>
<tr>
<td>Reaching the Rural Poor: A Renewed Strategy for Rural Development (October 2002)</td>
<td>1. Fostering an enabling environment for broad-based rural growth; 2. Enhancing agricultural productivity and competitiveness; 3. Encouraging non-farm rural economic growth; 4. Improving social well-being, managing risk and reducing vulnerability; and 5. Enhancing sustainable management of natural resources.</td>
</tr>
</tbody>
</table>

to a significant increase in aid for rural and agricultural development in the aggregate (Figure 1). A “consistent and compelling narrative”, in the words of Maxwell, may well be what is lacking to galvanize donor commitment and mobilize resources for rural development.

It is this compelling narrative that the World Bank wishes to proffer in the latest issue of its flagship publication, the World Development Report (WDR) 2008, entitled “Agriculture for Development” released last October 2007. The WDR 2008 sums up the World Bank Group’s new agenda for agriculture and the rural sector which, like previous WDRs, is likely to become highly influential in development circles and the donor community.

Indeed, the WDR 2008 takes off from the observation that “the agricultural and rural sectors have suffered from neglect and underinvestment over the past 20 years. While 75 percent of the world’s poor live in rural areas, a mere 4 percent of official development assistance goes to agriculture in developing countries.”

For its part, the Bank has announced its intention to continue increasing its support for agriculture and rural development, following a decline in lending in the 1980s and 1990s. It earmarked $3.1 billion in 2007 for the sector, an increase for the fourth straight year. More importantly, the Bank expects to devise “agriculture for development agendas” for specific regions and countries, mobilizing skills, political commitments and resources necessary for this endeavor. It is “actively involved with the key development stakeholders on how they will share and implement the WDR’s messages. For instance, the Africa Region of the Bank is linking with the Comprehensive African Agriculture Development Program (CAADP) to engage in country roundtables on national agricultural programs.”

The CAADP serves as the blueprint for Africa’s agricultural development at the national, regional and continental levels under the New Partnership for African Development (NEPAD). It also serves as a common platform for coordinating donor investments in a region where donor contributions account for at least 28 percent of agricultural development spending (in 24 Sub-Saharan African countries). The Bank is also “developing plans to translate the findings into concrete actions on future lending and advisory operations in agriculture.”

### Rectifying the sins of omission and commission?

Given the clout of the World Bank Group among donors and governments, especially in heavily indebted poor countries, the WDR 2008 is therefore likely to serve as one lens, if not the lens, through which policy makers examine issues, formulate policies, design programs and allocate resources for development. As such, the WDR 2008 itself warrants scrutiny.

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Sophia Murphy and Tilman Santarius of the EcoFair Trade Dialogue describe the report as “a better thought through version of more of the same.”\textsuperscript{19} Indeed, the Bank’s vision of Agriculture-for-development (Table 6 above) clearly reaffirms its ideological commitment to the market-led development paradigm it has been propagating since the 1980s. The WDR 2008 devotes due attention to poor smallholder farmers but presupposes that the solution to their plight is to integrate them to the global trading system. Having presided over the dismantling of parastatals and state subsidies in the 1980s for distorting the market, the Bank is remarkably uncritical of the oligopolistic power of international trading companies and supermarket chains in today’s global agrofood market that enables them to extract the lion’s share of value-added from agricultural production. The WDR acknowledges the undue market power of these agribusiness transnational corporations (TNCs) but prescribes little more than appeals to corporate social responsibility.

Likewise, the WDR 2008 correctly stresses the need to promote farmer-led technologies and calls for extending the Green Revolution to subsistence farmers in less favorable regions yet avoids grappling with the increasing monopolistic control of biotech firms and agrochemical TNCs over genes, seeds, plant varieties, fertilizers and other associated inputs for their propagation. It acknowledges the importance of improving poor farmers’ access to productive assets but favors market-based land reform and water management which more often than not has resulted in increasing, rather than decreasing, inequities and further marginalization of subsistence farmers. It stresses the state’s role in providing core public goods such as infrastructure and research and development but does not consider how the benefits of such “public goods”

are disproportionately captured by richer farmers and agribusiness corporations while the social and environmental costs are disproportionately borne by landless and subsistence farmers, indigenous people and rural women.

The latest WDR notes the increasing political voice of smallholder farmers and the rural poor and welcomes this development as it contributes to improving governance in developing countries. But the report is silent about political power at the global level and glosses over the realpolitik that actually determines the highly skewed outcomes of, for instance, the multilateral and bilateral trade and investment agreements that favor the developed North and elite interests. Indeed, as a major determinant of policies and channel of resources throughout the developing world, the Bank itself does not account for its contribution to deepening poverty, inequality and environmental degradation in the world today.

The emerging consensus in development circles about the need to increase support for agriculture and rural development is certainly a welcome change after decades of relative neglect. But we need to go beyond “more of the same”. Murphy and Santarius pose the question that the WDR 2008 elides: “What conclusions for the future should be drawn from the sad irony that the world basically produces more than enough food to meet the needs of all its six billion people, but hunger is still prevalent?” The challenge, in short, is not merely nor mainly in boosting growth and productivity but grappling with the issues of equity and justice. We must not allow noble intentions of “poverty alleviation” and “human development” to be hijacked by those who thrive on poverty and underdevelopment.

References


20 Ibid. p. 10
WEAVING together the roles of the players in order to create a big picture of the New Green Revolution in Africa is not an easy task. A glimpse at the current initiatives of the various players in Africa would give an impression of renewed interest in the region and in the welfare of its hundreds of millions of poor, mostly farmers. Donor and philanthropic interests, coupled with renewed commitments from the international community and national governments to lift Africa out of poverty and hunger, after all should be welcomed.

The New Green Revolution in Africa is more the result of a systematic convergence of interests of various actors guided by a similar worldview on Africa. Like its precursor in Asia and Latin America, the New Green Revolution in Africa is led by the “strategic philanthropy” of the Rockefeller Foundation, now combined with the financial muscle and liberal economic vision of the Bill and Melinda Gates Foundation. The financial resources made available by these major funders are attracting the interest of poor African governments, making them more amenable to the suggestions of institutions from outside Africa.

The profit motive of transnational companies like Monsanto and Syngenta fits perfectly into the conceptual mode provided by strategic philanthropy, which has now provided an ideal cover for corporate interests. The close links of the Rockefeller Foundation with the fossil fuel industry, for example, cannot be simply detached from the active effort to enliven the fertilizer industry in Africa, but need critical examination.

The same conceptual framework for an environmentally sustainable “Doubly Green Revolution” provides a very convenient basis to justify the funding for the international agricultural research centres under the wings of the CGIAR, despite the failures of their earlier interventions in Africa and the clamour to strengthen national agricultural research capacities that could make the CGIAR irrelevant.

Underpinning the New Green Revolution and biotechnology agenda in Africa is the neo-liberal economic push to integrate Africa into the world market economy by creating markets for agricultural inputs and products, all in the name of freeing poor African farmers from the clutches of hunger and
poverty. As was the case in the first Green Revolution in Asia and Latin America, strategic philanthropy, as the Rockefeller Foundation puts it, has played a pivotal role in priming government involvement and the transformation of the agricultural landscape. The tentacles of the neoliberal economic order have now gone beyond the business sphere, creating an intricate web of dynamics and relationships between business and philanthropy, government, public research and nongovernment organizations. The developments in the promotion of the African Green Revolution reflect an impressive amount of sophistication on the part of corporations in taking advantage of the intricate dynamics and relationships among the different players. Agricultural chemical and biotechnology corporations have notably downplayed their role in the push for a New Green Revolution by appearing to remain on the sidelines, even as they quietly push their agendas forward through a myriad of partnerships with public research institutions, nongovernment organizations and farmers’ organizations, and shift their marketing strategies to the “bottom of the pyramid”. Having learnt the lessons from the first Green Revolution in Asia, these corporations have allowed public research institutions to be at the forefront in Africa, along with their philanthropic backers. Corporations have also managed to subtly plant their most sophisticated operators in philanthropy as well as in the international agricultural research centres, in an effective way so as to directly influence decision-making and research priorities.

Unmasking the New Green Revolution in Africa: Motives, Players and Dynamics is published by Third World Network, 131 Jalan Macalister, 10400 Penang, Malaysia, and Church Development Service (EED), Ulrich-von-Hassell-Strasse 76, 53123 Bonn, Germany, and African Centre for Biosafety, Suite 3, 12 Clamart Road, Richmond, South Africa 2092.
Aid Effectiveness and Market-led Agrarian Reform in the Philippines

Paul Quintos
Ecumenical Institute for Education and Research

Agrarian Reform and Development

The desirability of land reform is virtually uncontested within the development community, whether among official agencies, the academe or civil society organizations. The redistribution of land to its tillers and ensuring their secure and effective control over the land and productive resources are generally accepted as potent contributing factors if not requisites for poverty alleviation, rural development and social justice. This is especially true for agrarian societies marked by massive poverty, inequity and social unrest.

Comprehensive agrarian reform — which complements land distribution with other means of support to smallholder farmers — is also understood as providing a basis for boosting agricultural productivity, modernization, industrialization and broad-based human development.

Indeed, access to productive farmland and water resources is seen as a fundamental human right by the rural poor, most of whom owe their destitution to their landlessness as well as their lack of access to quality education, health and other enabling assets. For instance, one study covering 21 developing countries showed a highly significant and positive relationship between rural poverty and land inequality. The authors estimated that a decrease of one-third in the land inequality index results in a reduction in the poverty level of one-half within 12-14 years. Whereas the same level of poverty reduction would require 60 years of agricultural growth sustained at an annual average of 3 percent if land distribution remains
the same. Another study by World Bank economists covering 66 developing countries indicate a negative relationship between land inequality and income growth.¹

Yet despite the surfeit of theoretical and empirical literature in favor of redistributive land reform dating as far back as the 19th century, land reform remains an unfinished agenda in many developing countries today. El-Ghonemy shows that the heydey of land reform programs, in terms of the number of countries and the scope of agrarian change, occurred in the three decades after World War II, but has since tapered off.² This period corresponds to the time when most developing countries gained independence from colonial powers as a result of vigorous national liberation movements, most of which had a substantial peasant base demanding control over the land and resources that had been taken over by colonizers.

Of the many agrarian reform programs in this period, the experience of Japan, Taiwan and South Korea are widely regarded as most successful in terms of their comprehensive nature and their impact on poverty, landlessness and social structures, as well as their role in facilitating industrialization.³ The Cold War imperative of containing communist influence emanating from China and North Korea was key to weakening the landed elites’ resistance to thoroughgoing agrarian reform in East Asia.⁴ This historical confluence suggests two things: one, that agrarian reform programs are profoundly political undertakings and not merely economic reform measures; and two, that agrarian reform is dependent on the strength of popular movements, particularly peasant-based revolutionary movements that threaten elite rule.

In many other countries where agrarian reform had been initiated, implementation had been slow, uneven and in some cases, even perverse as they led to further land concentration rather than distribution. As a result, the expected economic and social gains from agrarian reform were not forthcoming. The most common explanation for this was the resistance of landed elites and agricultural transnational corporations (TNCs) which, on the basis of their control over the principal resource in unindustrialized countries, also typically wielded the political levers in those countries.

For instance, in the Philippines the U.S. colonial government as well as every administration since the country gained formal independence in 1946 has implemented agrarian reform programs — 11 editions in all. Each of these were based on agrarian reform laws that were written by a landlord-dominated Congress, hence full of exemptions, high

² Ibid.
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Table 1. Land redistribution outcomes of all major market-led agrarian reform programmes in several countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Period</th>
<th>Redistributed land as % of total agricultural land</th>
<th>Number of beneficiaries as % of total agricultural households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>1997-2005</td>
<td>0.4</td>
<td>1.32</td>
</tr>
<tr>
<td>Colombia</td>
<td>1994-2001</td>
<td>0.22</td>
<td>0.33</td>
</tr>
<tr>
<td>El Salvador</td>
<td>1990s</td>
<td>10</td>
<td>1.4</td>
</tr>
<tr>
<td>Guatemala</td>
<td>1997-2005</td>
<td>4.0</td>
<td>1.30</td>
</tr>
<tr>
<td>Philippines</td>
<td>2000-05</td>
<td>0.01</td>
<td>0.03</td>
</tr>
<tr>
<td>South Africa</td>
<td>1994-2006</td>
<td>4.1</td>
<td>n/a</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1980-96</td>
<td>16.6</td>
<td>5.83</td>
</tr>
<tr>
<td>Namibia</td>
<td>1990-2005</td>
<td>6.0</td>
<td>0.16</td>
</tr>
</tbody>
</table>


retention limits, and no or limited credit and support services for small peasants.\(^5\)

This demonstrates that, although there may be a near universal acceptance of agrarian reform’s rhetorical aims, the content of agrarian reform policies and their actual implementation are always contested, sometimes bitterly and violently by those who stand to lose from reform versus those who stand to gain. Indeed, agrarian reform is as much about redistributing land as it is about redistributing power that emanates from control over land and productive resources. Hence, writes Putzel, “Agrarian reform places the issue of agricultural development on political terrain. It is concerned not only with technical mechanisms of farm production and distribution, but with property rights and control over the resources used in production. Agrarian reform focuses debates about agricultural development on people and their relations with one another rather than on inputs per se.”\(^6\)

Neoliberal Subversion of Agrarian Reform

By the 1980s, as the neoliberal development paradigm gained ascendance in official development circles, agrarian reform was relegated to the background. This downgrading of agrarian reform was expressed not only in terms of its demotion in the hierarchy of reform measures adopted by developing countries but also in terms of less resources made available for it as developing countries were forced to cut back on public expenditure, debt payments, and other public spending.

But neoliberalism has not resolved poverty and underdevelopment. Instead, rural poverty has persisted in most parts of the world (particularly in sub-Saharan Africa and in areas with unsuccessful agrarian reform efforts such as Latin America and South Asia). Indeed, there has been increasing landlessness side by side with increasing land concentration. El-Ghonemy notes the alarming

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5 Ibid.
6 Ibid., p. xxiii
decline in the ratio of available cultivable land to the number of agricultural workers in 63 percent of 87 developing countries according to data from the Food and Agriculture Organization (FAO). This condition is surely a major factor behind the reinvigoration of militant peasant movements in Latin America and Asia since the 1990s with genuine agrarian reform as the main content of their demands.

All these factors combined have also revived the interest of official development and donor circles in agrarian reform, but this time within the framework of neoliberalism rather than the state-led approach to land redistribution that had been predominant up to the 1970s. In the neoliberal model of agrarian reform or market-led agrarian reform (MLAR), the emphasis is not on distributing land per se but on making land markets function more efficiently, presupposing that this would enhance agricultural productivity, growth and alleviate rural poverty. Land distribution is based exclusively on a willing seller-willing buyer mode, with donors providing credit to poor and subsistence farmers to enable them to buy land at prevailing market rates. Land rental markets (i.e. leasehold) are also seen as alternative modes of “land transfer”. The removal of subsidies to land owners and the dutiful collection of land taxes are emphasized as effective means to discourage the unproductive hoarding of land. More pernicious is the removal of size limits on private landholdings and the privatization or enclosure of communal and other “non-private” lands that is also being promoted as part of “land reform” and even counted as part of “land redistribution”.

The commoditization of land that MLAR entails is part of the broader neoliberal agenda for agriculture that aims to facilitate the further penetration of international capital into underdeveloped regions in the world, and integrate erstwhile subsistence producers into the international market dominated by transnational corporations.

The leading advocate of this approach is the World Bank with MLAR programs implemented in Asia, Africa and Latin America (see Table 1).

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7 El-Ghonemy 2004
Market-led Agrarian Reform in the Philippines

The Philippines is one of the implementation sites for the Bank’s MLAR experiment.

The Bank first attempted to sell the MLAR model to the Philippine government in 1996, arguing that the government’s Comprehensive Agrarian Reform Program (CARP) was too slow, too expensive and it distorted the market. Social movements protested and the Bank backed-off. In 1999, the Bank tried a different tack: it persuaded the Department of Agrarian Reform (DAR) to explore a ‘complementary land reform approach’ by way of a small pilot project. A series of desk-bound macro policy studies were commissioned under the World Bank-funded Agrarian Reform Communities Development Project (ARCDP) of the DAR. These produced several papers favorable to a market-led model of agrarian reform and an operations manual for the implementation of the next stage, the “Community-Managed Agrarian Reform Program” which was renamed “Community-Managed Agrarian Reform and Poverty Reduction Program” (CMARPRP) in 2003.9

This pilot program was inserted into the second phase of the Bank-funded ARCDP-2, at a total cost of $2 million. According to official documents,10 the CMARPRP aimed to:

1. empower [beneficiaries] so that they may actively participate in land market transactions; and
2. contribute to poverty reduction in rural areas by introducing land tenure improvement modalities in agrarian reform that are faster.

To achieve these goals, CMARPRP adopted the following MLAR principles:

- a negotiated willing seller, willing buyer scheme;
- a demand-driven approach;
- integrated land transfer and support services delivery; and
- centrality of income generation goals via farm productivity enhancement and credit financing.

The CMARPRP was carried out in nine pilot provinces involving 1,000 hectares of land and 1,000 households, starting in 2003 and ending in April 2007. By April 2007, the project was declared near complete, with only the related infrastructure components still pending. A total of $2 million had been spent or fully committed, not including the land purchase costs. The program was reported to have reached 972 hectares of land, 650 beneficiaries, 68 landowners, and 17 villages. New land titles had been issued for 785 hectares of land and the project had been declared a success.11

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10 Cited in Borras et al.

11 Ibid.
Box 1. Reality on the ground

In Quezon Province, the project involved 146 hectares of disputed “public land” tilled by 71 poor peasants with no land titles, and claimed by two contending absentee landowners, one of whom had falsified legal documents to back his land claim. The town mayor “facilitated” the CMARPRP process by convincing one elite claimant to drop his claim, persuaded the title holder to lower his selling price for the land, and convinced the poor peasants to drop their claim and just purchase the land at the lower price, promising them additional livelihood projects and a cement road (courtesy of CMARPRP funds) if they agreed. Otherwise, they were told, they would simply be evicted. An internal document noted that: ‘for those farmers who used to know that the land belonged to them, it is hard for them to accept the [arrangement]; but for them, just to end a long time battle to gain ownership, it is time to cooperate’.

In Mindoro Province, the project site is located inside a 74,200 hectare area covered by a Certificate of Ancestral Domain Claim (CADC) that had been issued to the Mangyan indigenous people of the area in the 1990s. By 2003 there were about a dozen claims by lowlanders on various parts of this Mangyan territory including 110 hectares allegedly owned by a former fiscal (state prosecutor) whose heirs offered to sell the land to the Mangyans for P25,000 per hectare through the CMARPRP process. The Mangyans refused at first, even when the offer price was lowered to P15,000 but eventually relented because they were threatened with eviction and the CMARPRP staff promised them support services that could be used to indirectly pay for the land.

In Bataan Province, the project involved 92.87 hectares of land acquired from nine landowners and sold to 38 beneficiaries through the CMARPRP process. All the beneficiaries are reported to have already paid their amortization in full but internal documents note that “many of the [beneficiaries] are relatives of the landowner and do not reside in the [said community]. Five out of nine landowners chose their family members as the beneficiaries of the land transaction” Moreover, a beneficiary organisation was reported to have been set up, but it was discovered that none of these beneficiaries ever attended any of the meetings. Three years after the so-called land purchase nobody knows where the beneficiaries are.

In Zambales Province, the project involved 102 hectares, most of which consisted of public land that was considered part of the ancestral domain of indigenous people in the area. The CMARPRP pushed through with the sales anyway after the town mayor “talked” to the indigenous people’s chieftain. On the same day as the formal land sales, 76 out of the total 81 beneficiaries were declared to have fully paid for the lands they purchased, covering 97 hectares. An external evaluation team later discovered that, ‘most of the identified [beneficiaries]... in these landholdings are relatives of the landowners... other [beneficiaries] either reside outside the municipality or abroad. For example, one [beneficiary] works in [the financial district of Manila]... Others [9 beneficiaries] live and work in the USA’ CMARPRP delivered the promised support services to these beneficiaries anyway, including road, livestock dispersal, etc.

In Davao Province, the project involved 77 hectares almost entirely within indigenous people’s territory devoted to subsistence farming. The seller in this case did not even have a title to the land but managed to sell the land to the indigenous community through the CMARPRP process at P70,000 per hectare because, among other factors, the local government had promised to pay in cash 50% of the total cost of the land as a down-payment; the buyers would then repay the government over a period of 15 years without interest. Local government officials reasoned that a relatively small amount of money (Php1.2 million) initially would bring more funds to the island in the form of road construction and support services— all in grants promised by the CMARPRP project. The beneficiaries’ association fell moribund after the promised support services largely failed to materialise and conflicts arose over those that did.

The Bank’s local project office summarized the CMARPRP achievements, ‘lessons learned’ and recommendations as follows:12

1. There was a quick land transfer process and production of land titles.
2. The willing seller-willing buyer land transfer scheme should be adopted more widely.
3. Government should adopt the CMARPRP land purchase repayment scheme for its national land reform strategy in order to increase the beneficiary repayment rate (45% of buyers were fully paid in less than four years; the rest have made partial payments; one site declared 100% full repayment upon land purchase).
4. The program should provide lessons on the need to ‘retool’ the regular government land reform bureaucracy.
5. There is a need to force beneficiaries to pay their land taxes after receiving lands.
6. The program gives the ‘multi-stakeholder’ committee (local government, lines agencies, landlord and peasant representatives) a central role in agrarian reform.

But much more is revealed in an independent investigation conducted by Borras et al on the impact of the CMARPRP. Their research was based on unpublished internal project documents as well as field visits to five of the project sites. Box 1 presents a summary of their findings.

Questioning MLAR and Aid Effectiveness

Genuine agrarian reform is a basic prerequisite for addressing the needs of the poor majority in many societies. It lays the foundation for a more inclusive people-centered development and empowers the broad masses of people, enabling democracy to thrive. Agrarian reform should therefore be central to the development strategy of poor unindustrialized countries today. As such, it is also eminently deserving of international development assistance. Unfortunately, not only is agrarian reform receiving little support in terms of ODA and public expenditure, it is also being recast in a neoliberal model that is anti-poor and anti-democratic.

The World Bank’s CMARPRP experiment in the Philippines highlights the key issues at stake in the market-led model of agrarian reform and raises many questions about “aid effectiveness” that need to be addressed by the many stakeholders committed to development.

1. Who benefits from Aid?

The CMARPRP ostensibly aimed “to contribute to poverty alleviation” and “empower” beneficiaries who, presumably, pertain to the poor and disempowered. But according to an independent study made by Borras et al (2007) in five out of nine project sites, the majority of the buyers in the CMARPRP process — the project’s beneficiaries — were not the poor peasants in these areas but local elites. In many cases, they were not even tillers of the land but simply family members of the seller or land speculators who were not local residents, as well as outright fictitious ‘paper’ beneficiaries.

Worse still, in the presence of competing claims on the land, the CMARPRP process favored

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12 Quoted in Borras et al
elite claimants, particularly those with ties to local government officials. The poorest peasants, particularly indigenous people with no formal titles to back their claims on the land they have been tilling for generations, were the biggest losers in the process. Confronted with threats of eviction, these communities were essentially robbed of their land and then coerced into buying it back from outsiders at commercial prices.

Rather than alleviating poverty and empowering the poor, the Bank’s CMARPRP in the Philippines has facilitated and legalized elite land grabbing, and aided the latter in extracting more resources from poor peasants and indigenous communities.

2. What purpose does it serve to align donor support to national development strategies and institutions that do not benefit the poor majority to begin with?

The Bank’s MLAR approach as concretized in the CMARPRP does not depart from the Philippine government’s own Comprehensive Agrarian Reform Program (CARP). The comprehensive agrarian reform law (CARL) on which the CARP is based is like all previous agrarian reform laws in the country: authored by a landlord-dominated congress and implemented by pro-landlord and pro-business administrations. As such it allows numerous exemptions and is riddled with loopholes — including voluntary and market-oriented modes of land transfer — that allow the biggest landlords and agri-TNCs to evade land distribution. These built-in features essentially rob the program of its developmental and democratizing potential on a national scale so much so that after 19 years of CARP, around 70-80 percent of Filipino farmers are still landless or land-poor while poverty and hunger are still endemic in the countryside.  

Nevertheless, the CMARPRP is distinct in that it relies exclusively on the market-based mode of land transfer which appears to be increasingly preferred by the current administration. That is why the CMARPRP was implemented under the present administration and not earlier, in spite of the Bank’s attempts to peddle the project to previous administrations. With World Bank support behind it, the government’s full embrace of an exclusively or predominantly MLAR approach is now much more likely, especially at this historical juncture when...
the Agrarian Reform Fund has been depleted and a new law appropriating funds for the extension of CARP implementation is under debate in the (still landlord-dominated) Congress.

For Filipino peasants and indigenous peoples this means even more dispossession and more feudal and semi-feudal exploitation.

3. Who owns the aid agenda?

The issue of aid alignment is inextricably linked to the question of ownership. In the case of CMARPRP, it isn’t clear from available documents whether and to what extent the Philippine government led the process of its conception. It is quite possible that it was already presented with a template by the Bank which has been the leading proponent of this approach since the 1990s. But even if the Philippine government made a definite policy choice to adopt the MLAR model independently of Bank influence, an almost inconceivable scenario, what is clear is that the principal stakeholders in this issue — the landless rural poor through their organizations — had no meaningful participation in making that policy decision nor in the conception and design of the CMARPRP.

Even during the implementation of the CMARPRP, the intended beneficiaries were still marginalized in the process. According to internal documents quoted by Borras et al (p. 1572), 62% of beneficiaries interviewed were not even aware of the existence of the CMARPRP area committee which supposedly held the reins of the project in their respective sites; 71% were not aware of any ‘area development plan’; and 54% said that they were never involved in the land sales negotiation. And these were the “buyers” of land in these transactions!

Moreover, Borras et al notes, “It would seem that, when they got involved, local government officials tended to take command of the project, to the extent of even forcing peasants and indigenous groups to drop their land claims in favour of questionable elite sellers. Indeed, they seemed to have done all that they could during the land purchase process to secure the promised funded development package, even if at the expense of poor constituents.”

This clearly underscores the need to revisit the concept of “ownership” in the Paris Declaration on Aid Effectiveness where “country ownership” is understood simply as government ownership. The CMARPRP experience illustrates the wide disjuncture and even contradiction between the government’s version of development and that of the principal stakeholders in this development. And without the meaningful participation of mass organizations of poor peasants and other civil society organizations (CSOs) in this entire process, the possibility of bridging that gap is even more remote.

4. Who will hold donors into account and how?

Meaningful participation is also predicated on transparency, which is likewise sorely absent in the CMARPRP. Much of the information presented by Borras et al were taken from internal documents of the CMARPRP and not available to the public. Worse, many of the insights that can be gleaned from these internal documents and from primary research (conducted by Borras et al) directly contradicted the official account of the CMARPRP. Compare the Bank’s summary of the project’s achievements presented above with the report of an external evaluation team that, according to Borras et al (p. 1571), “discovered that two out of three household respondents interviewed at the beginning
of the CMARPRP process could no longer be tracked down just three years later in early 2007. Probing further, the team determined that: 1) the majority had ‘migrated’ to other places (61%); while 2) others were ‘missing’ for reasons that could not be discerned (29%). Combined, these two explanations account for 90% of CMARPRP’s ‘missing beneficiaries’

So there was an independent evaluation conducted on the CMARPRP but its results are not available to the public nor reflected in the official account that is available to the public.

Hence with no venues for the meaningful participation of CSOs, no transparency, and government dependence on and complicity with the Bank, it is no wonder that more and more CSOs are convinced that the only way to hold these institutions accountable for the devastation that they wreak is through public exposure and popular opposition.

5. What are the dangers of harmonising donor support?

The Bank’s rosy if deceptive depiction of the CMARPRP in the Philippines sets the stage for the more widespread implementation of MLAR in the country. It also serves as a siren call to other donors to join in and support MLAR in the Philippines and elsewhere. In the context of an intractable fiscal crisis exacerbated by neoliberal globalization and systemic corruption, a shared commitment of donors to MLAR is sure to define the parameters of what is possible in the minds of the country’s officials, particularly those in Congress who are expected to pass a new enabling law for agrarian reform this year (2008).

And just as genuine redistributive agrarian reform has the potential to transform society and propel broad-based sustainable development, the neoliberal subversion of agrarian reform epitomized by MLAR has as much potential to reconcentrate land and resources to elites, and shackle more generations of the rural poor to destitution and injustice.
The Reality of Aid

The Chia Se Poverty Alleviation Programme
Sharing more than resources

Introduction

Vietnam has a population of 83 million, around three-fourths of whom live in rural areas and some 60% of the labour force work in agriculture. Recorded income poverty has declined substantially over the last two decades but headcount poverty is still estimated to be almost 20% in 2004 and malnutrition rates in children remain among the highest in the region.1

The Government of Vietnam is committed to further reducing the poverty in the country and has formulated the Comprehensive Poverty

Figure 1. ODA to Vietnam, 1980-2006

Source: DAC-CRS Online Database, OECD

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1 <http://www.dfid.gov.uk/countries/asia/vietnam.asp>
Reduction and Growth Strategy (CPRGS) in 2003 to attain this goal. The CPRGS hopes to reduce poverty incidence by two-fifths by 2010, relative to year 2000 levels; and reduce the food poverty incidence by three fourths over the same period.

The inflow of Official Development Assistance (ODA) to Vietnam has increased dramatically since the 1990s, making it the second largest recipient of aid in the world. Sweden is currently not among the biggest donor countries in Vietnam but has a long history of development cooperation with the latter. Sweden's overall strategy for development cooperation with Vietnam focuses on:

• Promoting Vietnam's capacity to reduce poverty on a long-term and environmentally sustainable basis, and
• Promoting openness and development towards democracy and increased respect for human rights.

The Chia Se Programme

“Chia Se” is a Vietnamese phrase that can be translated as “sharing” or “partnership”.

The Chia Se Programme (2003-2008) is a joint poverty-alleviation programme of the Vietnamese Government (through the Ministry of Planning and Investment or MPI) and the Swedish Government (through the Swedish International Development Cooperation Agency or SIDA).

The Programme builds on the Vietnamese government’s policies, namely: the CPRGS; the Grassroots Democracy Decree which decentralises development responsibilities, and increases the authority and autonomy of districts, communes and villages; and the Public Administration Reform Policy. Chia Se is also framed by the Swedish Government’s policies on poverty, democracy and human rights.

The programme’s overall framework and objectives is shown in Figure 2.

The programme actually consists of four interrelated projects implemented at the provincial level and at the national level (see Table 1).

The provincial projects aim to “enable poor households to have good access to poverty alleviation resources.” This is further specified in terms of four sub-objectives:

1. Improve sustainable livelihoods in terms of better income, effective production (on and off farm), good economic and social infrastructure and services.
2. Enhance access and control over resources (funds as well as secure land use titles)
3. Ensure more equity by targeting women and poor households and vulnerable groups that may be left out in the general economic development.
4. Empower the various stakeholders through capacity building at the village, commune and district levels.

The three local projects are responsible for poverty reduction activities in the participating villages, communes and districts within the three

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2 SIDA country strategy for Vietnam, p.2
The Reality of Aid

selected provinces – chosen for their high incidence of poverty. These activities generate information and lessons that serve as inputs to the policy-improvement process of the National Government. At the same time, the national project is responsible for supporting the provincial projects in using resources available for poverty alleviation in an effective way, summarising lessons from the field and carrying out necessary studies in order to contribute to policy improvement for the successful implementation of the CPRGS.

The National project has the following components:

- Support to CPRGS secretariat
- Research Fund (RF)

Its three main outputs are:

- Effective Management of Poverty Alleviation Funds
- Effective Policies for Poverty Alleviation
- Effective Information Systems for Poverty Alleviation.

The programme’s pilot phase ran from November 2003 to 2004 while its implementation phase is planned to run until the end of 2008. It has an overall budget of USD 43.5 million, 20% of which is allotted to the national project while the three local projects share the remainder evenly.

**Bottom-up Development**

The core of the Chia Se programme has two development and empowerment tools: the Local
Planning and Management for Development (LPMD) and the Local Development Fund (LDF). These serve as the foundation of the programme with respect to decentralisation, empowerment of local levels, and delivery of resources for investment and services.

The LPMD means that planning and management of development starts from the village and commune level, and village and commune members are the driving force behind local development. Through the five-step process shown in Figure 4, villagers are actively involved in identifying their needs and priorities; formulating village and commune development plans (VDPs and CDPs); actual implementation as well as monitoring and evaluation of these plans.

The LPMD system is used in combination with the Local Development Fund (LDF). The LDF provides villagers additional resources they can use to carry out the plans and activities they formulated through the LPMD process. These activities must relate to any of the six following areas, with a clear focus on poverty alleviation:

- Education and training
- Health
- Infrastructure
- Agriculture & non-agriculture income generation
- Natural resource management
- Social security

Inasmuch as women, ethnic minorities, particularly in mountainous areas, and very poor families have had fewer opportunities to take part in and benefit from development initiatives, special measures are needed to enable them to take part in the project on an equal footing with others. In addition, the LDF allocates resources to communes and districts to implement inter-village and inter-commune activities that support the local plans.

The activities and their outcomes also have to be assessed in terms of their economic, environmental and social feasibility and impact, and the durability of their outcomes. To facilitate this thrust, the sharing of information, open access to information, participation in decision making, and...
providing public accounts for the management of financial and other resources are critical.

Since the success of the LPMD process and LDF management critically depends on the capacity of human resources, institution and capacity building is another key component of Chia Se at all levels. This means providing management levels with the necessary tools to work, as well as conducting a structured and coherent programme for training, education and information that is facilitated and implemented at the district and commune levels, with support from the provincial and national level. These include training courses on project management, finance management, accounting, communications, gender, livelihood-related, natural resource management techniques, etc.

Achievements

The Chia Se Programme has one more year left for its implementation and so a comprehensive evaluation of its achievements and impact is not yet available. Nevertheless, the programme has already yielded significant results in all areas of its implementation.

Poverty reduction

Chia Se activities funded from the LDF have contributed to improving the livelihoods of villagers and reducing poverty in the covered localities in the three provinces. For example, according to project reports, in Bac Me district, Ha Giang province, the percentage of poor households reduced from 53.2% in 2002 to 43.7% by the end of 2006; similarly, in Hoang Su Phi district, Ha Giang province, the poverty rate reduced from 62.6% to 58.8%; in Gio Linh district, Quang Tri province: from 36.7% to 26.3%, respectively (see Table 2).

Villagers expanded their livelihood activities such as livestock development, planting agro-forestry trees, reclaiming rice fields and pools, etc. Resources were also put into the construction or repair of roads, bridges, culverts, water supplies, power lines, schools, classrooms, health centers, waste treatment, biogas facilities, etc.

Empowerment

For many villagers who participated in the Chia Se’s LPMD process, it was their first time to be actively involved in planning and decision-making. While village meetings were not uncommon in the past, some villagers described them as one-

Table 1. Chia Se Program Sites

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>No. of Districts</th>
<th>No. of Communes</th>
<th>No. of Villages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ha Giang</td>
<td>02</td>
<td>23</td>
<td>198</td>
</tr>
<tr>
<td>Yen Bai</td>
<td>02</td>
<td>14</td>
<td>119</td>
</tr>
<tr>
<td>Quang Tri</td>
<td>02</td>
<td>20</td>
<td>149</td>
</tr>
<tr>
<td>TOTAL</td>
<td>06</td>
<td>57</td>
<td>466</td>
</tr>
</tbody>
</table>

Ha Noi National Project: 05 Ministries and Agencies Program Secretariat

BOX 1. The *Chia Se* Programme Principles

The programme is carried out in accordance with the following principles:

**Clear Project Ownership**

Every project has its own Specific Agreement signed with SIDA and the project owners have direct responsibilities and rights for implementation of the projects in accordance with their respective Agreements. In the other words, the projects are highly independent in project implementation. The Programme Secretariat only plays a controlling, managing and monitoring role in principle within the frame of signed Agreements and Government policies. The Programme Secretariat does not directly interfere in the project activities.

**Decentralization and Empowerment**

Rights, benefits and responsibilities of all levels are clearly defined. One of justifications regarding this principle is the decentralization and empowerment on budget, for instance, 80% of Local Development Fund (LDF) is allocated to village level, 15% to the commune level and 5% to the districts. The village communities have the rights and responsibilities in preparing their Village Development Plan (VDP) and deciding how to use the Village Development Fund (VDF) for implementation of VDP in accordance with their priority order.

**Democracy, equity and human rights**

These principles are followed by ensuring peoples’ right to be informed, and ensuring their right to participate in the entire decision-making process from the planning and implementing stages through to monitoring and supervision of the project. Equity also pertains to gender equality and justice among groups of people at different social positions, with focus on poor households.

**Transparency**

The project information is clear, understandable and available to all concerned target groups, especially the information on resources and the use of project resources.

**Multi-sectoral approach and sustainability**

Except for some “restricted” fields as stated in the Specific Agreements, *Chia Se* resources have been utilised following the demand driven approach on education, health, infrastructure improvement, production development and income generation, nature resources management, social security, etc., of each locality in which the poor households are the prioritised beneficiaries of the project.

*Chia Se* is not supposed to operate separately. Its action plan is a part of the Socio-Economic Development Plan (SEDP) and the CPRGS, and serves as an implementation tool. The implementation of *Chia Se* activities in a locality means that the SEDP and CPRGS are being carried out in that locality. Therefore, positive experiences and influences of the *Chia Se* will be good lessons for the localities to apply and expand in larger areas in the future.

In conclusion, *Chia Se* is a poverty reduction programme applying a new approach in order to contribute to successful implementation of CPRGS of the Government of Vietnam.
way channels of disseminating information to the
local level wherein pre-formulated plans were
presented to villagers for comments and
implementation — with minimal room for
discussion or debate. In Chia Se important
decisions must be approved by village
meetings wherein at least 75% of village
households are represented. That most of
these decisions actually materialized,
e.g. new roads, production tools,
learning aids, health
equipment, waste
treatment, etc., proved
to the villagers that their
voice really mattered.
Hence, even the quality
of meetings in the
Chia
villages is said to have
improved. Local
officials and cadres are
reported to listen more
in the
areas; they
are said to have become
more responsive to
people's concerns in the
poor villages. (Chia Se:
Voices from the Field,
2006)

Thousands have
participated in various
training courses ranging
from cultivation
methods, livestock
raising, veterinary
services, aquaculture, agro-forestry, forest
protection, land upgrading, reproductive health,
gender equality, basic literacy, project management,
computer literacy, etc. all of which help build human
and institutional capacity in these locales.
Policy-support

The Chia Se programme is also expected to generate lessons that feed into policy changes and reforms for better governance in Vietnam. At this point in time, however, the initial achievements of Chia Se are only recognized as good referents but have yet to be institutionalized for broader application. Nevertheless, Chia Se programme reports have been used as one basis for making Socio-Economic Development Plan’s (SEDP, 2006-2010) for each of the three provinces. The programme has also suggested new evaluation methods for SEDPs at the provincial as well as national levels. Chia Se has also contributed to the formulation of new regulations (Decree No. 131/2006/ND) on ODA utilization and management.

Challenges

The Chia Se Programme has also encountered some difficulties and issues that need to be addressed during the remainder of the program or by future projects similar in nature. Some of those cited in project reports are:

1. language and other cultural as well as geographic barriers which restrict more active participation of women and ethnic minorities in village meetings;
2. the danger of cultivating a “welfare mentality” among the beneficiaries of the project;
3. tensions between poor and “non-poor” (or less poor) who resent that they are not given as much support from LDF;
4. the tendency of villagers to choose activities that they are already familiar with, even if these are not necessarily the most productive or sustainable options available;
5. time-consuming and sometimes error-prone process of LPMD owing to uneven technical capabilities, for instance, in bookkeeping, monitoring and evaluation, etc.

Nevertheless, the Chia Se Programme stands out not only for helping to improve the lives of poor villagers, but perhaps more so for encouraging grassroots democracy at the same time. Indeed, the Chia Se programme provides a good example of a participatory and flexible development process rather than a one-size-fits-all, top-down, technocratic package of reforms and interventions that have come to be associated with ODA projects throughout the developing world. With its apparent adherence to the aid effectiveness principle of democratic ownership, other donors and governments can surely learn from the Chia Se Programme on poverty alleviation and development cooperation.

Sources:


Chia Se Vietnam/Sweden Poverty Alleviation Programme 2006. *Voices from the Field.* Ministry of Planning and Investment (MPI), Swedish International Development Cooperation Agency (SIDA).


The Reality of Aid Project exists to promote national and international policies that will contribute to a new and effective strategy for poverty eradication, built on solidarity and equity.

Established in 1993, The Reality of Aid is a collaborative, not-for-profit initiative, involving non-governmental organisations from north and south.

The Reality of Aid publishes regular and reliable reports on international development cooperation and the extent to which governments in the north and south, address the extreme inequalities of income and the structural, social and political injustices that entrench people in poverty.

The Reality of Aid Management Committee is chaired by Antonio Tujan, Jr. of IBON International.

The International Management Committee is composed of representatives from Ibon International, Canadian Council for International Cooperation (CCIC), African Forum and Network on Debt and Development (AFRODAD), Asociacion Latinoamericano de Organizaciones de Promocion (ALOP) and the European Network on Debt and Development (EURODAD).

The Reality Check is the official newsletter of the Reality of Aid. It is designed to highlight current issues in aid regime written from a regional perspective but with global significance, edited in rotation by the leading networks in the following regions:

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