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**SUPPORT FOR THE PRODUCTIVITY OF THE RURAL POOR:
NEW EXPERIENCES IN LATIN AMERICA AND THE CARIBBEAN**

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The following is a summary of the main suggestions and conclusions of a set of five national studies conducted in the region to evaluate the recent progress of a number of large-scale public programmes geared towards low-resource populations. The studies were prepared for the Third Regional Conference on Poverty, to be held in Santiago in late November 1992; they document experiences in State support that differ widely in their programmatic elements and coverage, as well as in their geographic contexts.* This document purports not to summarize the studies separately, but rather to extract, from the pool of information they provide, some key points that should be emphasized on the subject of the rural poor, their productivity problems and the kinds of innovative support measures described in these studies.

1. Contextual factors

Although more of the region's poor are currently found in urban areas than in rural ones, poverty is still more common in the latter. In 1986, 60% of the rural population was living below the poverty line, compared to 36% of the urban population.¹

A central factor perpetuating the high proportion of rural poor is the region's rural structure, in which a modern sector of medium- and large-scale agriculture with relatively high productivity coexists with a sector of small-scale farmers who have great difficulty obtaining access to farmland and who, along with agricultural wage-earners, live and work in precarious conditions.

The breakdown of the traditional links between small-scale farmers and agro-industry, and the obstacles deterring the former from constituting sustainable production units of their own, have had a variety of effects: mass migration to the cities, the persistence of independent dwarf holdings, and a growing number of agricultural wage-earners. At the bottom of today's agrarian job pyramid are unskilled workers, who represent a very high proportion of the workforce even though they are usually employed on a seasonal basis.

* The countries and studies concerned are: Brazil, O programa brasileiro de microbacias hidrográficas: o caso do Paraná (LC/L.711(Conf.82/2)/Add.1) (The Brazilian small river basin programme: the case of Paraná); Colombia, Los impactos del Programa DRI sobre la productividad y el nivel de vida de los pequeños productores rurales en Colombia (LC/L.711(Conf.82/2)/Add.2) (Impacts of the integrated rural development programme on productivity and standards of living among small-scale rural producers in Colombia); Dominica, Current experience in increasing the productivity level among the poor sector in rural areas of Dominica: the case of Petite Savanne (LC/L.711(Conf.82/2)/Add.3); Mexico, El combate a la pobreza rural a través del apoyo a la producción en México (LC/L.711(Conf.82/2)/Add.4) (The fight against rural poverty through support for production in Mexico); and Peru, Manejo de cuencas y productividad campesina: el caso del Cusco (LC/L.711(Conf.82/2)/Add.5) (River basin management and rural productivity: the case of Cusco).

Small-scale farmers, who make up the largest component of the non-industrial agricultural sector, are those who cultivate an area of land to sustain themselves and their families, under various forms of tenancy (ownership, rental, sharecropping or settlement) and using traditional technology. According to statistics compiled by the Food and Agriculture Organization of the United Nations (FAO), 50% of the region's production units and 42% of its rural population correspond to this "dwarf holding" model, but occupy only 3% of the total amount of arable land, with an average area of 2 hectares per family.² Despite the problems suffered by these small-scale farmers (in terms of access to land, credit, technology and markets), their total agricultural production is significant because of their intensive use of land and labour, and is still the mainstay of the underemployed economically active rural population and the largest reserve of labour for modern agro-industries.

The small-scale farming population itself is also heterogeneous.³ Some rural sectors that started out with better access to land and irrigation water have absorbed technological innovations and established commercial ties with more dynamic sectors of the economy, and are supported by economic and social organizations with some degree of sophistication. While they constitute a minority, they are an example of how small-scale farmers can incorporate themselves into modernizing developments in agriculture. Actions in support of small-scale farm productivity, which are discussed herein, are based precisely on this potential for upward mobility. In contrast to these groups, however, there remains a large sector of small-scale farmers who are part- or full-time wage-earners without land, who are relatively isolated and have limited access to natural resources, weak pressure groups and consequently high levels of poverty and indigence. This sector is forced to perpetuate a subsistence economy by its high degree of disadvantageous dependence with respect to production needs such as credit, markets, training, land and technology. Of course, small-scale farmers are gradually changing their relations with food markets, incorporating new production inputs, monetizing their families' production and working in paid jobs with increasing frequency; but their living conditions are still precarious.

Neither the effects of agrarian modernization nor the policies implemented in its wake have been entirely successful in reducing social and productive disparities in rural areas. First, agrarian transformation in the region did not do away with large agro-industries, but instead turned the "plantation" model into an enterprise model, which continued to dominate the agrarian economy. The factors contributing to this phenomenon, which differentiates agrarian modernization in Latin America from that in Europe or Asia, are many and well-known. Among the more structural elements are external integration based on exports of food and raw materials; power and dominance relations that allow large landowners to steer the course of modernization; and the dynamics of social groups and their links with the State on the basis of client and corporate relations.

Second, both agrarian reform policies (up to the early 1970s) and the integrated rural development policies attempted since the early 1980s have had only partial success in reducing social-agrarian heterogeneity and improving standards of living among the rural poor. The failure of agrarian reform to substantially reduce the concentration of land ownership was also a consequence of the power relations of agricultural production agents, their links with the State and the capacity of large landowners to become "modern" entrepreneurs, to channel investment into the modernization of agricultural production and to maintain an advantageous integration into international markets. Moreover, experience shows that while access to land is a prerequisite for improving productivity levels and standards of living among small-scale landowners, it must be complemented by greater access to credits and inputs, better marketing opportunities for products, and increased absorption of technical progress in production processes.

From a socio-political perspective, other problem areas include insufficient linkage between organizations uniting the rural poor and the various political authorities that determine policy, allocate resources and provide services. The fragmentation of the small-scale farming sector's demands on the State is partly a result of spatial isolation and demographic dynamics, but also of the differentiating processes of agricultural modernization. These demands, which have traditionally sought preferential terms for the domestic food-products market, defence of land ownership and support in terms of credits and technical inputs, have not met with an adequate response from State institutional agents. Therefore, the rural poor's capacity for negotiation, management and political pressure *vis-à-vis* the State is today essential for building the political will needed to support their productive capacity.

2. Integrated projects: a sustainable prospect for the rural poor

The requirement that support for the rural poor be geared towards sustainable production necessitates the consideration of an interdependent set of links in the chain of production: access to land, credit, training, technology and markets. Undoubtedly, the overall level of the chain is determined by its weakest link. The study on the Cusco river basin in Peru suggests that productivity in small-scale farming economies depends on five elements: quantity of primary resources (land and physical, human and financial capital); technological know-how; intensity of working days; social organization of production; and the presence of institutions (State and market) in the rural environment. These factors determine the production capacity of small-scale farming economies; when changes occur in these areas, the productivity of land increases.

The diagnosis formulated in the study on Colombia's integrated rural development programme acknowledges the structural problems faced by actions to support small-scale farm productivity, which require multifaceted solutions. With regard to the executing institutions, it recognizes the need to reduce dependence on external credit for the execution of rural development programmes; to strengthen the links between overall and sectoral policies and to improve inter-institutional programming; and to bolster community participation in programme implementation. With regard to the small-scale producers, it recognizes the importance (and the necessity) of their use of the whole range of production support services: technical assistance, credit, machinery banks, price information for better linkage with the market, and services for marketing and changing products. In addition, such producers require the basic collective infrastructure that not only enables them to use those services, but also determines the productivity of agricultural labour: aqueducts, rural electrification, local roads, irrigation districts, health centres and schools.

The integration of all of these key factors for the sustained development of production among the rural poor —especially small-scale farmers— also requires inter-institutional coordination, since the diversity of links in the chain of production cannot be addressed by a single entity. Secretariats for training, private commercial banks, local authorities, non-governmental organizations, large State agricultural enterprises, State agencies to promote production and investment and solidarity funds are all institutions whose joint support for production in poor rural sectors should be developed. Also, the private sector (commercial and non-commercial) and the central and local government sectors make up a network of support needed to strengthen the various links in the chain. The study conducted in Peru, for example, highlights the need to involve rural schools and regional universities in the development and dissemination of new water treatment methods and the cultivation of experimental orchards and farms. The Brazilian study shows that one of the factors which have contributed most to the impact of the small

river basins programme has been precisely this sort of coordination at various levels: community, municipal, state and national, as well as coordination among different levels of programming and consultation in the various phases of the operational programme. The Colombian study proposes the formation of municipal rural development committees that would serve as a nexus between the organized community, the municipality (as a basic planning unit) and the national planning system. Meanwhile, the technical assistance programme under the small river basins project in Paraná, Brazil, includes the coordinated participation of the Paraná Technical Assistance and Rural Extension Enterprise (EMATER-PR); agricultural cooperatives, represented at the state level by the Organization of Cooperatives of the State of Paraná (OCEPAR); technical assistance enterprises, represented by the Paraná Association of Planning Enterprises (APEPA); development enterprises; and municipal prefectures.

Actions in support of the rural poor face the hard task of combining different measures to hammer out the kinks in the various crucial links in the chain of production. Of course, this does not mean that nothing can be accomplished unless all problems are addressed at once. Rather, it involves rethinking the modalities for supporting sustainable production among the rural poor, in the following ways.

First, it appears increasingly necessary to mobilize the actors themselves —i.e., the rural poor— for the dual purpose of reducing the costs of programme execution and bureaucratic red tape on the one hand and, on the other, supplementing State inputs by developing the management and operational capacity of the eventual beneficiaries. This, in turn, requires action at various levels.

One level consists of self-help programmes, popular education, training in intermediate technologies and community organization. Coordination among grass-roots organizations (especially small-farm cooperatives), the philanthropic private sector (non-governmental and church organizations) and the state and local government sector (municipalities and local planning offices) is becoming more important in this regard. The strengthening of this coordination, and increased political and administrative decentralization to allow local authorities to mobilize resources and manage projects could, in turn, bolster the rural poor's participation in such programmes. The Dominican study, for example, outlines a number of local initiatives for small-scale farmers in which community participation has achieved significant successes in production.⁴

There is a wealth of successful experiences in community participation and self-help within small-scale farming economies; in these initiatives, State action was coordinated with that of non-governmental organizations and beneficiaries. Among the conclusions of the Dominican study is the perception of a great potential for the self-help and self-reliance initiatives taken in small rural communities to crystallize into small-scale development models based on participation by beneficiaries. The study also notes the decisive role which non-governmental organizations can play, by virtue of their contact with local communities, in promoting human resources in order to strengthen self-help and endogenous development activities in rural areas. Actions such as training, organizational know-how and group communication workshops can be catalytic in this regard.

Another area of participation, which has become more common mainly through the operation of investment funds, is the system of allocating resources to projects presented by the beneficiaries themselves, which must be financially viable, economically profitable and productively sustainable. This means that the beneficiaries must be capable of formulating, managing and executing projects. To strengthen demand in this area among the rural poor, advisory services are needed to train the beneficiaries in the management, organization and coordination of actions. Using these types of

mechanisms for resource allocation (mostly credit, training and technology) to mobilize the rural poor themselves yields a number of benefits. First, clientage and assistance models of linkage between the State and the rural poor can be replaced by "democratic competition" mechanisms for project management. This requires State agencies, for their part, to apply selective criteria in deciding to support projects in poor sectors, and to train the beneficiaries themselves in project management and in the use of available State support. Second, this way of supporting poor sectors reinforces their collective culture without cutting them off from the dynamics of modernization and democratization; instead, it incorporates them into those processes through this exercise in democratic competition among viable, profitable and sustainable projects.

In this regard, Mexico's National Solidarity Programme, as indicated in the Mexican study, encourages and supports initiatives in which social and/or community organizations present their own strategies and work methods. The communities themselves participate in decision-making and in the design, execution, monitoring, follow-up and evaluation of the projects agreed upon. They also participate by supplying resources and materials from the area, and by carefully managing the support provided to ensure that the neediest benefit most, in a kind of social accounting. In small farming or indigenous communities and in working-class settlements, committees are formed by agreement between the community and the local National Solidarity Programme office to carry out projects and programmes decided upon by the community. These committees are elected in public assemblies, and work in coordination with the authorities to define, plan and execute projects, to estimate costs and to reinvest. In late 1991, 82,160 solidarity committees were registered in the country's 31 states.

Mexico's National Solidarity Programme also includes Production Support Funds and a National Solidarity Enterprises Support Programme (also known as the Solidarity Enterprises programme), which operate using this scheme of democratic competition in the supply of projects. The Solidarity Enterprises programme targets Mexicans with few resources who organize themselves to carry out viable, profitable production projects and who have no alternative sources of financing. The programme helps such organized groups to create or consolidate their enterprises by supplying venture capital, credit schemes, or both. It also provides technical assistance in project planning, but the initiative must come from the groups or communities concerned. The Solidarity Enterprises programme has become an important tool for advising groups of potential beneficiaries on the design and management of viable projects, and for providing support to make up for the insufficiency of preferential credits, to create links with markets and to develop managerial and entrepreneurial skills.

The cross between coordinated support for participatory programmes (involving non-governmental organizations and municipalities) and the provision of resources and services in response to demand (involving investment funds or integrated rural development programmes, and with demand transmuted into a capacity on the part of the organized beneficiaries to manage production projects themselves) reconciles the goals of preserving the identity of production agents and incorporating them into modernization dynamics. These twin strategies are the crux of policies to combat rural poverty. Integrating municipalities and private philanthropic agencies under the first strategy, and integrating the welfare State (through investment funds or similar non-bureaucratic mechanisms) with private commercial agents (commercial banks, large agricultural enterprises, etc.) under the second, can become the pillars on which new approaches to the problem of rural poverty can be built. Supporting the "inward" participation of the poor in the first case, and mobilizing them "outward" in the second, constitute another form of integration: one which, without eroding the cohesion of poor groups in rural areas, incorporates them into competitive and more modern mechanisms of redistribution and access to technical progress.⁵

One perspective which has taken on more importance in the debate on integrated projects is ecology. The depletion of resources, the scarcity of land and soil erosion due to over-exploitation, problems in extending the production frontier of the rural economy, and the environmental disasters brought on by the traditional agricultural development model all add up to a need for an integrated approach to rural production aimed at rationalizing small-scale economies to optimize their productivity and minimize their negative impact on scarce resources.

The documentation for the Conference includes two case studies which strongly support this view: one on water treatment in Peru's Cusco river basin, and one on production with a system of small river basins among small landowners in Brazil. Both cases illustrate the "virtuous circle" generated by programmes which attack an interrelated set of problems all at once. For example, in the Peruvian case, the project in question seeks to solve soil erosion and water management problems through forestation, construction of infiltration ditches to hold back earth and water, and construction of broad-based terraces. These measures simultaneously meet the goals of improved land use, increased output and diversification of small-farm production, slower deterioration of soils, and reduced risk of urban flooding. To date, the project's results have been positive: the gradient of the land was reduced, the area covered by vegetation increased, organic material generated around infiltration ditches increased by nearly 200%, and, in lots where conservation and soil improvement measures were implemented, potato production rose by almost 70%. The project has demonstrated that soil and water management in the upper part of the river basin affects the rate of resource degradation not only in that area, but also in the lower areas. It has also shown that a project designed to conserve natural resources and balances can foster technological and institutional innovations in support of small-scale agricultural producers.

The programme carried out in Brazil (specifically, in the State of Paraná, where the study was conducted) also seeks to intensify land use, to remedy a series of pre-existing ecological imbalances, to strengthen the technical capacity of farmers, to diversify production in small plots of land and to enhance coordination among the community, the municipality and the state. The small river basins programme promotes an integrated planning system with various aims: protecting the environment with community participation, benefiting small-scale producers, fostering collectivism, providing technical training and raising productivity without depleting agrarian soils. The programme enables groups of small-scale rural producers, at the municipal level, to programme and carry out reforestation for land conservation, soil management, rainwater control, anti-erosion measures and organized promotion of road- and infrastructure-building. Although the programme's impact has not yet been evaluated, there are clear indications that the initiative has succeeded: a growing mass of new candidates wishing to participate; evidence of increased production by beneficiaries; technological and operational innovations which have already been fully tested and absorbed; and the producers' reduced dependence on outside assistance owing to their exploitation of natural wealth.

3. Viability, sustainability and managerial capacity

The requirements of viability, sustainability and profitability for the projects promoted and supported under productivity enhancement programmes for the rural poor are becoming increasingly prominent. The challenge is to enable the beneficiaries to move beyond the threshold of "limited duplication" so that they can incorporate themselves into a "virtuous circle" of sustainable, profitable activity. Therefore, sustained income growth is increasingly seen as an indicator of the desired impact of support measures.

Particularly relevant in this regard are the case studies on the experience of the National Solidarity Programme in Mexico, the integrated rural development programme in Colombia, the provision of infrastructure for small-scale farmers in Dominica (especially electricity and a rural route), the water project for the Cusco river basin in Peru and the small river basins programme for small-scale producers in Brazil. These projects meet the basic criteria, i.e., that they be sustainable, viable and affordable, and that they have lasting positive effects on the beneficiary population's productivity. The Colombian study, for example, shows that the country's integrated rural development programme stresses the need to strengthen those elements of the rural economy that improve integration into the national economy, such as linkage with agro-industry and exports, to break the vicious circle of "limited duplication" in the sector's economy. For the Solidarity Enterprises programme, the main challenge is economic and financial viability in projects to meet the demands of communities.

The strategy of investment funds is also taking on renewed vitality, since it allocates resources against a rational demand, understood as the demand of organized groups of poor people who present a production project intended to increase their income-generating capacity through greater absorption of technical progress, more diversified activities and products, enhanced capacity for management and for the use of market niches, and/or better access to credit.⁶ Experience with such funds, as detailed in the studies, shows them to be an alternative solution whose actual results can only be evaluated with the passage of time, but which entails a turnaround in the orientation of social policies for the poor. The key is to determine the extent to which the various institutional entities (ministries, secretariats, town councils) should provide incentives and guidance for rational demands on the part of backward production sectors vis-à-vis the State, to make the management and execution of selective social policies less bureaucratic and to create a mechanism for the democratic management of State support for the poorest groups.

In this regard, the experience of the Solidarity Enterprises programme, as described in Mexico's report, represents an extremely valuable contribution. This programme places special emphasis on transmitting managerial capacity to the beneficiary organizations. The report indicates that in Mexico, training for producers, workers and small-scale farmers has traditionally emphasized the use of production technology, and has neglected administrative and managerial training; thus, it blames the vast majority of failures in these experiences on poor administration or ignorance of the market. At the same time, instead of directing programmes "downward" from the Government to the community, the actions of the National Solidarity Programme take as their point of departure the concrete demands of communities or organizations in the areas, both rural and urban, where poverty is concentrated. Programmes are then designed in response to these demands, substantially changing the relation of support between the State and poor sectors.

Selectively supporting production activities by the poorest groups, on the one hand, and forming a rational demand that can be addressed by these groups to the appropriate institutional authorities, on the other, are the two complementary elements of reformulating policies to combat rural poverty with lasting positive effects. Support agents play a dual role in this context: refining technical tools for the selectivity of production support policies to orient them towards the "viable poor"; and devising mechanisms for building managerial capacity in those sectors. Managerial capacity in this sense means the capacity of poor sectors to organize themselves and design affordable, sustainable production projects that have lasting effects on the improvement of income; to exert effective pressure, through these projects, on the State, municipal or private philanthropic social apparatus (or a mixture thereof) to satisfy their needs (for credit, training, technology, etc.); and to perform optimally once provided with such requirements. Managerial capacity also involves the flexibility to adapt production projects to market

dynamics, adaptability to the openings afforded by more vigorous sectors of the economy, and interconnection with other sectors and potential markets.⁷

The modernization of selective social policy revolves around this focus on a demand for the satisfaction of needs which requires—and stimulates—managerial capacity on the part of the potential beneficiaries. Production support policies for the rural poor are a key mechanism in this regard, because: i) the rural poor constitute, in terms of relative weight and social conditions, one of the central target groups of selective anti-poverty policies in the region; ii) they are a primary agent of poverty reproduction, both inward and outward (towards urban peripheries); and iii) their integration into modernization processes greatly depends both on their capacity to mobilize *vis-à-vis* the State and potential providers of production resources, and on their access to the various necessities for sustained improvement of production (credit, natural resources, technology, markets, etc.).

The formation of a rational demand and of the managerial capacity it requires, along with the selective reorientation of State/social support according to that demand, are also intended to change historical models of linkage between State social sectors and social actors, such as the electoral clientage, partisan co-opting and State paternalism. A new relation in which the State can respond to a more rational system of demands, with transparency of communication and information and democratic competition among potential beneficiaries of selective production support policies, must treat the rural poor as its indispensable counterpart.

4. Inter-institutional coordination, programming and social management

Another consideration dealt with in the studies is the coordination of social policies to support the productivity of the rural poor. This involves various areas of intervention: i) linkage of global policies with sectoral ones, e.g. of budget and tax policies with policies on technology transfer, irrigation and preferential credit for small agricultural landowners' projects; ii) improved monitoring and follow-up in evaluating the impact of projects, especially by measuring changes in the beneficiaries' income level and their medium-term progress, as well as their capacity to save money, to link themselves with dynamic sectors and to cross the threshold of "limited duplication"; and iii) greater capacity to programme in dynamic contexts and with multiple institutions (public and private, philanthropic and for-profit, central and decentralized), combining financial, production and inter-institutional negotiation criteria.

The challenges facing policy-makers in this area are complex, and are not confined to overcoming the "bad habits" of clientage, bureaucratic and/or paternalistic models. A new type of social planner is needed to encourage a support system based on integrated policies, on the formation of a rational demand—and of a selective response to that demand—and on the managerial capacity of the rural poor. A policy of supporting production projects could become the new face of selective social policy. This change of label entails a change of mentality. Those who design policies for the rural poor must situate themselves at the crossroads between the modernization of the most backward production structures and the mobilization of their agents' social energies.

Notes

¹ Economic Commission for Latin America and the Caribbean (ECLAC), Panorama social de América Latina. Edición 1991 (LC/G.1688), Santiago, Chile, 1991.

² Regional Office for Latin America and the Caribbean (FAO), El minifundio en América Latina, Santiago, Chile, 1987.

³ One specific case which deserves special attention is that of the Andean small-scale farming economy, which is synthetically defined and described in the study on river basin management and rural productivity: the case of Cusco.

⁴ The Dominican study describes two cooperatives (the Hope Farmers Cooperative Study Group and the Dominica Essential Oils and Spices Cooperative), as well as the Morne Topie Water Project, in which community participation has played a decisive role in such achievements as better access to credit and infrastructure.

⁵ The Colombian study advocates a new discourse on the rural economy which does not limit it to a subsistence sector. To that end, the following factors should be considered: the contribution of small-scale producers to other sectors of the economy in terms of labour; their participation in agro-industry as producers of raw materials; their participation in exports and traditional crafts; the numerical importance of the rural population, which continues to increase in absolute terms; the employment generated in rural areas and its importance for social stability and decreased rural-to-urban migration; the role of small-scale farmers as basic agents for the development of democracy; and their role in development by virtue of their cultural heritage and as central actors in environmental conservation measures.

⁶ The experience recounted in the Mexican study is interesting in regard to credit. Through the Production Support Funds, resources are granted without interest and without collateral, for a maximum land area of 3 hectares per producer, to small-scale farmers lacking access to the National Rural Credit Bank and living in high-risk storm areas. Loans which are not repaid are not renewed the following year. In 1991, the programme covered 1.7 million hectares cultivated by 666,943 workers, with a recovery rate of 40%, which is fairly high considering the area's vulnerability to natural disasters.

⁷ There remains the problem of the "non-viable" rural poor, or those who are so deprived of production resources (especially land) that they cannot organize themselves to participate in the competition among rational demands for self-sustaining projects. For these sectors, a combination of various types of actions must be considered. On the one hand, such an approach should emphasize the "drag effect" exerted by sectors in a more "viable" situation on more backward sectors, so that the latter may also increase their capacity to organize and to lobby for resources. On the other, these more backward sectors should be targeted by programmes for minimum social well-being in terms of food, preventive health care and emergency employment. Lastly, these sectors' lack of access to land is a problem which transcends social policy, and should therefore be covered under development policy in a broader sense.