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MICROREGIONAL DEVELOPMENT A Strategy for Achieving Equity

Orlando Plaza
Sergio Sepulveda

VOL

1

AREA OF CONCENTRATION IV
SUSTAINABLE RURAL DEVELOPMENT

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The Inter-American Institute for Cooperation on Agriculture (IICA) is the specialized agency for agriculture of the inter-American system.

As a hemispheric technical cooperation agency, IICA can be flexible and creative in responding to needs for technical cooperation in the countries, through its thirty-three Technical Cooperation Agencies, its five Regional Centers and Headquarters, which coordinate the implementation of strategies tailored to the needs of each region.

The 1994-1998 Medium Term Plan (MTP) provides the strategic framework for orienting IICA's actions during this four-year period. Its general objective is to support the efforts of the Member States in achieving sustainable agricultural development, within the framework of hemispheric integration and as a contribution to human development in rural areas.

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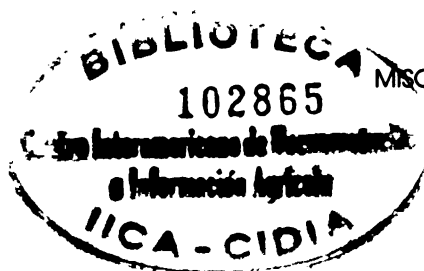
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FOREWORD

The countries of the hemisphere, in order to modernize their production systems so that they can meet the demands of trade liberalization, have effected changes in their political and institutional systems and undertaken drastic adjustments in their economic policies that have had negative effects on the distribution of wealth. In fact, the level of poverty has increased significantly in every country of Latin America and the Caribbean.

Scholars in the field have found it necessary to create new types of analyses to explain and understand this perennial problem and define the growing number of people bypassed by economic development. The pertinent scientific jargon now includes terms such as "the chronic poor," "the recent poor," "the structural poor," "the new poor" and "the transitory poor," as experts endeavor to fathom both the problem and its principal causes.

In this context, the present document will attempt to determine both the potential and the limitations of poverty alleviation programs, using an analytical framework in which a distinction is drawn between "poverty" and "inequality," and the relationships between development, change and equity are defined.

Based on this conceptual framework, the authors formulate and present a set of guidelines for designing programs to alleviate and combat poverty. These guidelines are based on a theoretical and planning approach in which space, in both its physical and socio-economic dimensions, is viewed as the manifestation of social organization.

Emphasis is placed on the fact that, if they are to be efficient and effective on a large scale, programs aimed at promoting rural development and combating poverty should be a specific component of a national economic development model that is both sustainable and equitable. Also, attention is called to the magnitude of the political, institutional and financial effort that the governments of the countries

of the hemisphere will have to make to overcome poverty and close the gap between different social groups over the next three decades. This effort will not only call for additional resources, but also important institutional and legal changes that ensure access to basic services and meet the social demands and multiple objectives of a new social organization. Efforts to combat poverty will be successful to the extent that they are viewed as a question of distributing wealth more equitably and of expanding access to opportunities at the national level, which will in turn call for some sacrifice from the non-poor.

This publication is part of the ongoing efforts of the Program on Organization and Management for Rural Development of the Inter-American Institute for Cooperation on Agriculture (IICA), the objective of which is to further develop the conceptual and methodological framework of topics in its area of competence. A preliminary version of the document, entitled "Rural Development as an Instrument for Combating Poverty," was presented at the Methodological Seminar on the Formulation and Management of Poverty Alleviation Programs, organized by the United Nations Development Programme (UNDP) and the Regional Unit for Technical Assistance (RUTA) and held October 10-13, 1992 in Tegucigalpa, Honduras.

The purpose of this document is to disseminate these efforts, even though these proposals are still in the formulation stage, in order to provide discussion material for technical personnel faced with the challenge of drafting proposals for rural development and/or poverty alleviation policies, programs and projects, and to obtain feedback that will enable the authors to improve and fine-tune this proposal.

In this third edition, we have included at the close of each chapter, a didactic exercise in order to facilitate the understanding of the document's central concepts, as well as, to enhance the teamwork activities. With a similar purpose, both the general and specific objectives of this book are presented on the subsequent page.

GENERAL OBJECTIVES OF THE DOCUMENT

Studying this document will be enable you to:

1. Identify the dimensions, location and characteristics of the problem of poverty in order to pinpoint its underlying causes and the factors that impede efforts to eradicate it, in the light of new categories of analysis.
2. Discuss the organic links in the relationships between poor and non-poor groups, located in intra- and inter-urban and rural spaces, especially at the regional and local levels, so as to explain the possible causes of the social and economic disequilibria in the spaces in question.
3. Propose a strategy for sustainable rural development and poverty alleviation at the regional and national levels.

SPECIFIC OBJECTIVES

Studying the subject matter of this document will enable you to:

1. Gain an understanding of the basic concepts of the theoretical framework in order to explain the problem of poverty, such as development, equity, poverty, social inequality, where the capabilities lie, etc.
2. Identify the links between the concepts in order to understand poverty as a historical and social problem and, therefore, one that can be combatted and overcome.
3. Design theoretical instruments based on the study of the social, political and cultural conditions identified by the groups directly involved in the processes that generated and reproduce poverty.

EQUITY AND DEVELOPMENT: CONCEPTUAL CONSIDERATIONS

Orlando Plaza

POVERTY, INEQUALITY AND DEVELOPMENT

Poverty, development (conceptual approaches and policy design) and inequality are inextricably linked, but at the same time separate, issues. In other words, the definition of poverty, and the measures for combating it, depend on, among other things, the ideo-political and ethical framework that underpins approaches to development and inequality.

Approaches to development are generally characterized by a style of thinking aimed at intervening in society through policies and action programs based on objectives and goals that can be measured over time. Thus, these approaches adopt a set of basic assumptions regarding the social dynamic, design target images and instruments for achieving them, and generate development models that take account of macrosocial and macroeconomic variables and their interrelationships. However, they fail to consider the characteristics and nature of the society in which the intervention is to take place.

Reflection on social inequality, on the other hand, is part of a long-standing tradition that combines philosophy, politics and sociology. In sociology, the verification of inequality is at the heart of the theories of stratification and social classes. All schools of thought, whether or not they accept inequality as a "natural" social phenomenon, agree that inequality affects the general organization of society, as well as access to, and the management and distribution of, the tangible and non-tangible resources of the society in question: property, income, employment, social honor, personal recognition and self-worth, a sense of belonging, access to decision makers, the specific weight of opinion and the ability to exert influence.

Inequality, or what some authors call social differences, has been

defined and measured quantitatively using procedures intended to place individuals or groups on scales, ranking them higher or lower in terms of certain attributes or dimensions, with the most commonly used criteria being those proposed by Max Weber: class, status and power.

In the theory of development, inequality was first measured in terms of income distribution, with growth in GDP being used to gauge progress.

Social inequality became a central element in the thinking of the modern social sciences, as regards its causes, functionality, valuation and measurement. This thinking was marked by the transition from a feudal to a capitalist society, which modified the economic and political underpinnings of social inequality, and cultural ways of valuing it.

▼
Inequality is institutionalized and forms part of the type of pattern of economic development which has been adopted.

This made it possible to accept that the conditions of inequality, their levels of rigidity and flexibility and ideological-cultural justifications are historical facts; in other words, produced by the members of society and susceptible to change. The theory of inequality was also linked to that of social change and this led, later, to comparisons between societies based on types of inequalities, degrees of social rigidity, and the economic, political and institutional underpinnings of inequality.

These comparisons opened the way for the socio-economic characterizations used to differentiate developed from developing countries and to interweave aspects of classical interventionist development theories with the tradition of analysis and classification of the theories on society. This interweaving did not imply that each tradition should assume fully the theoretical and practical consequences of the proposals of the other.

Poverty, which is also part of a long tradition of theological, philosophical and political thinking, became the

focus of analyses and proposals in the theories of development in the late 1960s and early 1970s, when the limitations of the trickle down theory became evident. In those decades, the continued existence of poverty, albeit at lower levels than today, led to the incorporation into development theories and international cooperation of the analysis and measurement of poverty and the design of policy instruments for combating it, with employment generation being the principal one.

In the social sciences, poverty gradually became a topic for discussion in its own right, isolated from general theories of social inequality in some approaches, or totally confused with inequality in others; and a specific and valid field of intervention per se in the theories of development.

Some approaches defined and measured poverty in terms of the particular characteristics of the poor, but without relating them to the characteristics of the society in question or the degree of inequality manifested therein. Likewise, in the theory of development, specific instruments were developed to combat poverty by providing what the poor lacked. Although some approaches emphasized the importance of relating these instruments with those employed to manage the economy and institutions, in general they rejected proposals for economic growth, which left the overcoming of poverty with no real foundation and led to such efforts being identified with social policies, and these with an emphasis on the provision of assistance.

The fact that poverty has become a specific topic of analysis, that refined conceptual approaches have been developed to define it, and that very useful and accurate methodologies exist for measuring it, is a watershed in the theory and practice of development.¹ However, since their relationship with social inequality and with the theories of economic growth and development was not developed

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**Poverty as a
social science
study element**

theoretically, the instruments designed to combat it are inadequate.

In order to move the analysis of actions designed to combat poverty into the larger field of development and social change, it becomes necessary, given current changes, to go one step further. In this regard, it can be said that poverty is the way in which social inequality is expressed in the social sector located at the lowest stratum. Poverty has both objective elements, such as the organization of society and the determination of opportunities and access to cultural resources (assessments of what is acceptable and desirable), and subjective elements (individual perceptions of deprivation or satisfaction).

This does not mean that specific efforts to combat poverty should be abandoned in hopes of achieving social equality or economic growth, depending on whichever approach is adopted, but rather that they should be incorporated into an overall development strategy that links social and economic policy and the macro and micro levels of action, among other aspects.

For most of the countries of the region, the efforts to combat poverty call for action strategies and instruments designed:

▼
**Action
strategies for
fighting
poverty**

- a) To reduce poverty;
- b) To increase the production capacity of the country in question; and
- c) To modify the underpinnings of social inequality (to alter the conditions of social stratification and their cultural valuations).

Even though these three aspects are closely related, actions on one of them do not automatically lead to results in the others, as shown by the experiences of countries that have achieved high levels of economic growth, but limited progress in education and health; while in others there have been notable increases in health and education, without high rates of growth. (See World Bank 1991)

Priorities and the ways in which these problems are addressed are also determined, as has been shown, by the general thinking on development and by the characteristics of the predominant style and pattern. In the following section, we will compare some of the features of the current style with the style in vogue twenty years ago, when discussions on poverty assumed greater importance and efforts began to design policies and programs to combat it.

The point we wish to address is related to two questions: a) Does poverty today mean the same thing as it did twenty years ago?; and, b) Are poverty alleviation instruments -often conceived as part of social policies and designed on the basis of the development pattern that prevailed in the 1960s and 1970s- still effective, given the new pattern of development?

In answering these questions, we will address several others; and in doing so, we will review some aspects of development proposals and their context in the decade of the 1970s and today.

THE THEORY OF DEVELOPMENT: POVERTY IN THE 1970s AND TODAY

Development theories usually consist of:

- a) *Diagnostics*. These reveal certain aspects of the current context and ignore others; prioritize problems; propose causes; and determine possibilities and limitations, actors and processes of renewal and delay.
- b) Proposals for modifying or reinforcing processes, institutions and organizations and reaching pre-set goals, on the basis of target images.
- c) *Objectives of development*. Some of those most commonly identified are: economic growth, distribution of wealth, satisfaction of basic needs, development of capabilities and human development.

▼
**Development
theories**

These aspects of development theories presuppose a theory of society, not so much as regards the nature, operation and possibilities of specific societies in which we want to intervene, but rather with respect to the target image of the society at which we wish to arrive, and to the type of organization -principally economic- we wish to see in place. This target image -which defines what is acceptable and desirable- usually reflects the stylized version and vision of advanced societies.

Furthermore, development theories, without solid empirical and theoretical support, presuppose a theory of social change which is actually lacking, and this leads to their proposals usually being directed at modifying processes, structures and institutions, without understanding -or overlooking- the motivations, organizations, interests and passions of the recipients of those structures; to efforts being focused on influencing the economy, ignoring political forces; or to efforts being aimed at developing the creativity and managerial skills of individuals, without considering the constraints imposed by the rigidity of the social structure.

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**Development
proposals**

The assumptions of the theories of society and social changes, and their obvious limitations, are one of the reasons why it is so complicated, in practice, to develop a strategy that links social and economic policies. Two other reasons, derived from the first, are: a) the assumption that the economy, per se, organizes the whole of society; and b) the fact that social aspects -the way in which society is organized on an institutional and day-to-day basis in its different spheres- are reduced to social indicators: health, education, housing, life expectancy (which are actually effects of the type of general organization and of the norms that regulate access to the tangible and non-tangible assets of particular societies).

Proposed strategies and instruments for achieving devel-

opment, as a socioeconomic and political process, call for simultaneous action in the economic and social spheres. Social aspects are not derived from economic processes, nor do they refer exclusively to the needs of the poor: they have more to do with society as a whole and are directly related to the type of social stratification prevalent in each society.

Furthermore, development theories are based on current knowledge and conditions; that is, on a specific context that has the effect of limiting proposals. Also, as noted by Singer (1989:597-617), proposals are often based on the experiences of the past, rather than the current context in which societies must operate.

In order to understand the scope and limitations of proposals for development and for combating poverty, it is necessary to begin with the societies themselves, reconsidering the richness and complexity of the notions of society and change, and to understand the context in which the problems evolve. These precautions are even more urgent at the present time, due to the fact that poverty is on the increase in our countries, and that a new worldwide pattern of growth and accumulation has emerged.

In this regard, not only the definitions of, and the criteria for, measuring poverty -aspects in which there have been numerous and important advances, as evidenced by current literature on the subject- are important, the criteria for measuring and understanding the contexts in which poverty occurs and in which measurement takes place are also vital. By "contexts," we mean not only the socioeconomic and institutional context, but also the predominant pattern and style of development, since they define the processes and limit and expand the horizons, creativity and viability of the proposals.

Defining the context makes it possible to: a) take action

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**Limits of
development
proposals**

to address the causes and not only the effects; b) prioritize problems; c) differentiate between short-, medium- and long-term measures; and d) identify planning and action units, which calls for the fine-tuning of policy instruments and the redefinition of action programs.

Poverty and development in the 1970s

Poverty in Latin America and the Caribbean (LAC) today is not the same as it was in the 1970s when poverty alleviation programs were designed to deal with it. This is due not only to the considerable increase in poverty over the last ten years and the incorporation of new poor, but also to changes that have taken place in the national and international contexts.

At the beginning of the 1970s, LAC was still enjoying a period of sustained growth, which reached an average rate of 5.5% between 1970 and 1975. Poverty was explained, on the one hand, as an effect of underemployment in rural areas due to the technological backwardness of the production systems, the lack of social and physical infrastructure and the unequal distribution of land; and on the other, as a result of urban unemployment and underemployment caused by migration from the hinterlands of the countries and the slow development of the industrial sector as a generator of employment.

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**Definition of
poverty
according to
the criteria of
economic
growth**

This vision made it possible to define poverty, in terms of the criteria of economic growth, as the result of the non-integration of certain easily identifiable sectors -small farmers and residents of marginal neighborhoods- into the modern sector. To combat poverty, a set of supposedly precise measures were proposed: agrarian reform, understood almost exclusively as the distribution of land; the generation of employment, with no concomitant proposals for transforming the production structure and strengthening

the domestic market; and education, which was almost synonymous with literacy training, with little attention being paid to the curriculum or the skills to be developed.

Even though these measures went beyond those based solely on GDP and physical capital, they were still subordinate to proposals that saw economic growth as the objective of development.

The weakness of civil society and the trade associations of management and labor, combined with ideological considerations, led to the State assuming a central role in formulating the development strategy, planning goals and resources and, in some cases, intervening directly in the economy.

However, there were institutional frameworks and representative organizations that made arrangements and conflict resolution possible.

The urban industrial development style was the model for all the countries of the region, and its negative effects on nature and the environment, and the wasting of energy and natural resources had not yet been seriously questioned, as they are today.

With slight differences, the goal of development proposals was to achieve the level and type of industrialization prevalent in the central countries, which, at that time, were concluding a cycle of growth that had given rise to industrialization centered on organization for the production of tangible goods, to a type of relation between peripheral and central countries, and to a specific configuration of the international market. Savings, the securing of external resources, capital formation, infrastructure and decisive action on the part of the State were key elements in achieving development. Poverty would be overcome

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**General
panorama of
development
proposals and
key elements to
reach a
solution**

through industrialization and the modernization of small farmers and other agricultural sectors. In the meantime, it would be necessary to carry out certain actions aimed at poverty alleviation through specific programs.

Despite the Cold War -which provided a backdrop for the creation of the institutions of the international system that have promoted cooperation for development and oriented proposals, policies and programs-, there was a widely-held belief that development would be achieved, and faith in progress had not yet been called into question.

Poverty and adjustment

In the 1980s, economic growth ground to a halt in LAC, the foreign debt grew considerably and the region became a net exporter of capital. In addition, the authority of political, trade and State institutions declined; the countries' economies and societies entered a prolonged period of crisis; the values of solidarity were fragmented; development proposals no longer made sense; markets proved to be fragile and segmented, and there was an alarming increase in poverty in urban and rural areas.

Development proposals, or alternatives for solving the crisis, were replaced by an appeal to the market (which one?) to assign resources efficiently, by the almost total denigration of the State, and by the application of similar measures to a wide variety of countries and situations. Development as a goal, as a proposal, as a way of creating political consensus, was abandoned, and the leadership of LAC made it possible for and permitted our societies to be used as guinea pigs and to disintegrate.

As the World Bank stated in its 1991 Report, the application of adjustment measures has not produced advances in development, nor was there evidence of a positive cor-

relation between such measures and economic growth.

However, in the midst of the crisis, new ways of overcoming it appeared; the roles of the State, the market and civil society were re-thought, new mechanisms for articulating the public and the private sectors (understood not only as the entrepreneurial sector, but rather the entire sector) were proposed, and legal and non-legal regulatory frameworks, cultural codes, institutional frameworks and the type and form of leadership were defined.

The State withdrew or reduced the resources earmarked for so-called social policies (health, education and housing) and let the physical and social infrastructure fall into a state of disrepair. It also attempted to target certain groups through the use of special funds, the names of which varied from country to country: social compensation funds, emergency funds and social investment funds.

Poverty and the rediscovery of development

The 1990s heralded the globalization of the economy, the "intellectualization" of production and the expansion of the notion of productive forces, no longer referred only to the production of tangible, but also to intangible goods: informatics, biogenetics, management, communications. Thus, a new pattern of development is emerging, one in which relations among the advanced countries are being deepened and strengthened, links with the underdeveloped countries are being redefined, and comparative advantages based on cheap labor and an abundance of natural resources are being made obsolete.

The demise of the socialist regimes and the end of the Cold War have changed the parameters for comparing alternative forms of organizing society and the economy, and have also led to a re-thinking of the international institutional framework set up in the wake of World War II.

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**New ways to
confront the
crisis,
involving the
different
social actors**

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**A new
development
pattern,
product of the
current
economic and
social
tendencies**

The impact of adjustment policies, growing social disintegration, the continued existence of the economic crisis and the growth of poverty have made it possible for development issues, which had been abandoned, to be raised again, and with urgency, during this decade. These include the need to ensure that economic and social policies are mutually compatible, to continue the efforts to combat poverty, to avoid polarization between the market and the State, to promote links between the public and private sectors, to join forces, to revamp institutional frameworks and regulations, and, above all, to reach general consensus on the idea that the focus of development is humanity.

In this context, the countries of LAC now have a different social fabric, with institutions and regulations that combine old and new forms. The potential for innovation and creativity exists, but many difficulties need to be overcome. And these are not limited only to the economic sphere; shared values and the principles of solidarity and social cohesion have also been lost.

Social inequality and, consequently, the number of poor, has increased. In many countries of the region, 60% of the population lives in poverty. In such conditions, efforts to overcome poverty, more than ever, must be part of an overall development strategy and of instruments aimed not only at incorporating the poor into the "modern sector" (as in the past), but also at transforming and expanding this sector.

Poverty has another face and another meaning, given the national and international context; therefore, if it is to be overcome, policy instruments and action programs must exist that are commensurate with the magnitude of the challenge and take into account lessons learned from previous programs.

DEVELOPMENT, POVERTY AND EQUITY

Given the changes in the development model and in the paradigms of thinking, the magnitude and speed of changes worldwide and the growth of poverty in the countries of the region, it is necessary to re-think approaches and instruments for action.

Thanks to two decades of sustained effort by multilateral cooperation agencies, universities, governments and NGOs, there is consensus today that human beings are the object of development and that economic growth is a means for achieving development.

There are several definitions of human development and different ways of measuring it, the most widely accepted being that of the United Nations Development Programme (UNDP). Therefore, in this section we will not refer to the concepts and methodologies related to the measurement of human development and poverty, but rather to the relationship between equity, development and poverty.

We shall begin by highlighting some of the core ideas of current thinking on development:

- Economic growth does not automatically produce general benefits for the population, neither in the short nor medium term.
- It is possible to achieve redistribution of wealth while promoting economic growth, thus reinforcing the latter.
- The bias towards economic considerations which characterized the principal development theories when they were in the ascendant, made it impossible to understand the

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**Action
instruments for
the fight
against poverty**

complexity of the development process, and contributed to the proposals being divorced from the actual development of societies and from their prerequisites and political consequences.

- Development proposals require definitions and strategies that make it possible to articulate so-called economic policies with social policies, and to establish connections between macro and sectoral aspects; employment policies being one example of efforts made in this direction. (See Singer 1989)
- It is necessary to abandon the narrow definition and view economics as a social process that includes production, distribution, circulation and consumption (expanded agriculture).
- It is necessary to move beyond efforts to reduce social aspects to a set of social indicators (health, education, housing, participation, etc.), or of measures to redistribute resources.
- There must be a relationship between the State and the market, thus avoiding polarization, and the importance of civil society must be taken into account.
- The preceding points consider development as a comprehensive and complex process that involves many dimensions articulated among themselves, which means that it is necessary to adopt a systemic approach that takes account of cultural, economic, political and social considerations. (See ECLAC 1991, Guimaraes 1990, Wolfe 1982 and World Bank 1991)

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**Some features
which
comprise
part of the
thought on
development**

- Economic growth is part of this comprehensive process, and helps determine the types of institutional arrangements established to regulate the social rights that limit and open up possibilities for people. (See Sen 1983, 1988 and 1992)
- The objective of development is not economic growth per se, but rather growth in the capabilities and rights of persons, and the improvement of the social organization that makes them possible, respecting differences and ensuring the proper management of the environment (which demands that attention be paid to the issues of equity and development styles).
- Therefore, development strategies require an approach that articulates economics, policy and institutions, on the basis of the capabilities and rights of persons and of the specificities and values of societies.
- Achieving development is not a question of attaining a single goal, nor does it entail the homogenization of means, values and procedures. Development depends on a minimum number of agreements that are compatible with the current accomplishments of humanity, but that respect differences in cultural practices and values between countries, and the cultural, political, ethnic and gender differences within countries.
- For this very reason, development is a socio-economic and political process that requires institutional frameworks and arrangements that permits agreement, dissent, participation

and the resolution of conflicts that arise not only from interests, but also from passions (Hirschman).

- Hence the importance attributed to democracy, without restricting it to a single type of institutional arrangement, since there are different institutional frameworks for exercising it (for example, England, France, the United States, to cite central countries), as the foundation of participation, dissent and agreement and as a key element of respect for differences.
- Hence the renewed importance attached to equity. Equity, nevertheless, is often confused with equality, with attention to the needs of the poor and a fair distribution of resources; without doubt, the notion encompasses something of each one of these aspects.

Equity, like the notion of inequality, touches the whole of society, and refers to the manner in which social stratification enables or impedes the development of the capabilities of individuals or groups.

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**The
importance of
equity within
the
development
proposal**

It does not refer, therefore, only to the characteristics of the poor, nor to individual characteristics of the poverty or wealth of the inhabitants of a country, measured in terms of the levels of growth and valuation of same, but rather to the way in which the general organization of society allows or impedes access by individuals and groups to tangible and non-tangible resources and, therefore, encourages or limits the development of their capabilities.

Equity is a broad concept that articulates social, institutional, regulatory, legal, cultural and ideological structures with the situation, condition, opportunities and access of individuals or groups, an articulation which determines the level of development of capabilities.

For their part, capabilities ² are not definable and measurable only in individual terms, even though they are expressed individually, but must also be correlated with the social structure.

The capabilities of individuals are conditioned by the effective "rights" they enjoy or lack. By "rights," we mean not only laws (which is the highest degree of formalization of certain types of rights), but also the array of existing pre-established arrangements in every society that regulate access to material and symbolic assets by individuals, in accordance with social class, ethnic group, gender, age and region.

Rights are derived from, governed by and make up the regulatory systems that come from and are formulated by the three large spheres in which people's lives evolve: the State, the market and civil society. These spheres correspond to the three dimensions of social stratification proposed by Weber: power, class and status.

Capabilities do not refer only to abilities and skills, but also to the willingness and possibilities of persons to do valuable things and be valued, within a framework of options selected freely, which include the material and intangible resources for those purposes. The focus of capabilities, it is worth repeating, combines individual aspects (skills, vocations, abilities, options) with social aspects (situation and conditions that permit the execution of the options); in other words, the way in which society is organized defines the rights of people and determines their capabilities.

Equity, since it refers to the general organization of society, includes all individuals and the types of links that they establish among themselves, and not only the poor. Equity is a goal, a way of seeing the world, a set of proce-

dures, a style of organizing society and the results of economic action and policies, measurable in reference to the expansion of the capabilities of persons and the redefinition of rights.

Also, equity, as a concept linked to development, arises from:

- a) The failure of previous models centered on economic growth.
- b) Evidence that indicates, on the basis of meticulous analyses, that many countries achieved what today we call development by applying strategies based on:
 - The opening of society, through the rupture of hierarchical orders, the consolidation of the work ethic, and the capacity for criticism.
 - Political openness, through the democratization of institutions and the universalization of duties and rights, general rules, a political cultural of dissent and participation.
 - Institutions that reinforce social cohesion.
 - Attention to domestic demands, which reduced the differences between rural areas and the cities and among the production sectors, and strengthened the domestic market.
 - The active role of the State in managing the economy and executing strategies for insertion in the international market.
 - The importance of business enterprises and the market.
- c) Empirical verification of the fact that development is not only economic growth, but also requires the

development of the capabilities and individual and social rights that make creativity, management and organization possible.

- d) In the present stage of the world economy and the international political system, competitiveness depends on the training of human capital, the development of capabilities and efforts to overcome inequality and poverty. (Sen 1983, 1988, 1992; Vuskovic 1990; World Bank 1991)

Regardless of the starting point (evaluation, balance or perspective), equity is not a gift nor simply an imperative mandate of justice (which it is, and this fact needs to be emphasized at a time when there is a tendency for distinctions to become blurred), but rather an indispensable requisite for achieving growth and competitive and sustainable development, in these times of economic, political and cultural globalization.

At the present time, the notion of equity makes it possible to link the objectives of development (attention to the rights, conditions and capabilities of subjects) and economic growth (productivity, competitiveness and efficiency) with political and social forms, regulatory frameworks and responsibilities (democracy and respect for differences) in achieving said objectives.

In other words, equity today is an ethical, political and practical concept which combines the aspirations of individuals and societies, synthesizes the results and failures of previous models, and reflects the challenges of the new world economic and political situation.

DIDACTIC EXERCISE #1 LEARNING ACTIVITIES FOR THE MULTIDISCIPLINARY TEAM PART I:

Objective of the activity:

The purpose of the work is to demonstrate the linkages between the concepts of the theoretical framework and their everyday, practical application, through the analysis of a specific case.

Time for execution: 90 minutes.

Materials: You should have received a copy of the document ahead of time.

The procedure for the learning activity is as follows:

1. Identify and understand the basic concepts of Part I of the document.
2. Draw up a list of the main concepts, describing them in your own words.
- 3- As a group, read your lists out loud and choose the most important concepts, based on criteria such as the number of times that each is mentioned.
- 4- As the concepts are mentioned, write them on a blackboard or a flip chart in order to identify and indicate the interrelationships between them.
- 5- Divide into groups and conduct the following exercise:
 - a. Choose one of the interrelationships between two or more of the basic concepts identified in the previous stage.
 - b. Apply the interrelationships to a case in your region or municipality.
 - c. Explain and discuss within the large group.

EQUITY AND DEVELOPMENT: GUIDELINES FOR A REGIONAL PROPOSAL

Sergio Sepulveda

DIAGNOSTICS AND GUIDELINES FOR A PROPOSAL TO COMBAT POVERTY

The concepts outlined in the preceding chapters provided the underpinnings for a new approach to the handling of the information available for conducting a "diagnostic." In this chapter, we shall describe the magnitude of poverty, its characteristics and the distinctive traits of vulnerable groups.

However, the focus of attention shifts toward the spatial location of poverty within the countries, the dynamics of relationships between the poor and the non-poor in "markets," and the organic rural and urban links. Also, a special effort is made to identify the most important causes of poverty, which include limited access to assets and social services that would ensure the development of the skills of the poor, allowing them to become masters of their own destinies and share in the benefits of a more equitable society.

Lastly, this diagnostic briefly shows the dynamic relations between unbalanced interregional development and the non-rational management of our renewable natural resources.

A. Principal causes of poverty

The studies conducted by a number of specialized agencies (De Janvry et al. 1989) in the late 1980s all concluded that the two principal causes of the worsening of poverty in

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**Diagnostics of
poverty with
emphasis on
its spatial
location**

the Central American countries were, firstly, the pattern of economic development adopted, and, secondly, the fragility and inequity of the institutional, economic and productive structures on which it was superimposed (Jordan 1989).

In other words, poverty was a negative social externality resulting from an unbalanced process of economic development which exacerbated existing biases regarding access to assets, distortions in access to "markets," the use of capital-intensive technologies, and the failure to create enough new sources of employment in the formal sector to absorb the growing supply of labor, and/or options for generating new, and improving existing, skills in response to changes in demand.

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**Social
inequity is
institutional-
ized and
forms part of
the type of
economic
development
pattern which
has been
adopted**

In this context, the basic premise of the present discussion is that the economic and social cost of not applying a long-term strategy to address the causes of poverty is greater than the financial resources that would need to be invested to solve the problem.

In this regard, and from the ethical standpoint, the social encyclicals of the Catholic Church³ have emphasized the essential role that work and a dignified social situation play in the self-esteem of human beings. The Pope has stated that poverty must be seen as a symptom of the presence of moral disorder, when the hierarchy of values is violated.⁴

In strictly political-economic terms, the social stability of a country depends on the elimination of poverty, low rates of unemployment and a minimum level of job security, broadly based political participa-

tion and the training of human resources to meet the challenge of a modern society.

B. Magnitude of poverty and its regional differentiation

The most notable characteristics of poverty are its persistence, its growing magnitude and its spatial and social differentiation. In this regard, social and economic indicators reveal significant differences among the countries of the region as regards the percentage of their populations that are excluded or marginalized from the benefits of economic growth.

1. Magnitude

Out of a total population of almost 23 million in 1980, 14 million Central Americans were poor. A decade later, this figure had risen to more than 20 million. That is, at the beginning of the 1990s, poverty affected approximately 70% of the population of the region, of which almost half, or slightly less than 14 million, lived in extreme poverty. (See Tables 1 and 2.)

Thirteen million people classified as poor lived in rural areas in 1990. Most of these, some 80%, could not cover their basic needs, and more than 60% lived in abject poverty.

Nevertheless, these figures, despite being lower in the cities, also reveal a profound socioeconomic disequilibrium and a discernible trend toward a further deterioration in the situation. To the "natural growth" of this population must be added two million "new poor," victims of recession and the adjustment policies of the past five years.

Indeed, in the last decade, the number of urban dwellers living in poverty increased from 48% to 55%, while the number living in extreme poverty climbed from 26% to 29% (ECLAC 1991).

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Although the process of economic development in Central America is different in each country, it has generated spatial socio-structural disequilibria

Table 2. Estimation of the magnitude of poverty in the Central American isthmus in 1980 and 1990 (%)

| Country | Extreme Poverty | | Poverty | |
|------------------------|-----------------|-----------|-----------|-----------|
| | 1980 | 1990 | 1980 | 1990 |
| Costa Rica | | | | |
| Urban | 14 | 11 | 7 | 6 |
| Rural | 34 | 31 | 19 | 17 |
| Total | 25 | 20 | 14 | 11 |
| El Salvador | | | | |
| Urban | 58 | 61 | 45 | 30 |
| Rural | 76 | 85 | 55 | 70 |
| Total | 68 | 71 | 51 | 52 |
| Guatemala | | | | |
| Urban | 58 | 62 | 23 | 31 |
| Rural | 66 | 85 | 36 | 68 |
| Total | 63 | 75 | 32 | 52 |
| Honduras | | | | |
| Urban | 44 | 73 | 31 | 50 |
| Rural | 80 | 79 | 70 | 72 |
| Total | 68 | 76 | 57 | 63 |
| Nicaragua | | | | |
| Urban | 46 | 60 | 22 | 27 |
| Rural | 80 | 85 | 50 | 52 |
| Total | 62 | 75 | 35 | 42 |
| Panama | | | | |
| Urban | 43 | 40 | 12 | 14 |
| Rural | 67 | 69 | 38 | 40 |
| Total | 54 | 52 | 24 | 25 |
| Central America | | | | |
| Urban | 48 | 55 | 26 | 29 |
| Rural | 69 | 79 | 46 | 61 |
| Total | 60 | 68 | 38 | 46 |

Source: ECLAC. Bases para la Transformacion Productiva y Generacion de Ingresos sobre los Paises del Istmo Centroamericano. Mexico. 1991.

Table 1. Estimation of the magnitude of poverty in the Central American isthmus in 1980 and 1990 (in millions of inhabitants)

| Country | Extreme Poverty | | Poverty | |
|------------------------|-----------------|-------------|------------|-------------|
| | 1980 | 1990 | 1980 | 1990 |
| Costa Rica | | | | |
| Urban | 0.1 | 0.2 | 0.1 | 0.1 |
| Rural | 0.4 | 0.4 | 0.2 | 0.2 |
| Total | 0.5 | 0.6 | 0.3 | 0.3 |
| El Salvador | | | | |
| Urban | 1.2 | 1.8 | 0.9 | 0.9 |
| Rural | 2.0 | 3.1 | 1.5 | 2.5 |
| Total | 3.3 | 4.9 | 2.4 | 3.4 |
| Guatemala | | | | |
| Urban | 1.4 | 2.4 | 0.6 | 1.2 |
| Rural | 3.2 | 4.5 | 1.7 | 3.6 |
| Total | 4.6 | 6.9 | 2.3 | 4.8 |
| Honduras | | | | |
| Urban | 0.5 | 1.6 | 0.4 | 1.1 |
| Rural | 2.0 | 2.3 | 1.7 | 2.1 |
| Total | 2.5 | 3.9 | 2.1 | 3.2 |
| Nicaragua | | | | |
| Urban | 0.7 | 0.9 | 0.3 | 0.4 |
| Rural | 1.0 | 2.0 | 0.6 | 1.2 |
| Total | 1.7 | 2.9 | 0.9 | 1.6 |
| Panama | | | | |
| Urban | 0.4 | 0.6 | 0.1 | 0.2 |
| Rural | 0.6 | 0.7 | 0.3 | 0.4 |
| Total | 1.0 | 1.3 | 0.5 | 0.6 |
| Central America | | | | |
| Urban | 4.4 | 7.5 | 2.4 | 3.9 |
| Rural | 9.2 | 13.0 | 6.1 | 10.0 |
| Total | 13.6 | 20.5 | 8.5 | 13.9 |

Source: ECLAC. Bases para la Transformacion Productiva y Generacion de Ingresos sobre los Países del IstmoCentroamericano. Mexico. 1991.

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**The Central
America
poverty map
has multiple
sources and
diverse levels
of penetration
in the affect-
ed social
sectors**

The five countries of the isthmus show a significant degree of differentiation in their overall development processes, and this has led to distinctive structural, economic and productive imbalances, made worse, to a greater or lesser extent, by cyclical economic variations.

Furthermore, these differences can also be attributed to different rates of demographic growth, the spatial distribution patterns of the populations, the quantitative and qualitative availability of renewable natural resources (soil, water and forests) and, perhaps even more importantly, to the institutional systems created and consolidated throughout their histories.

In this context, the territorial location of the poor population varies between countries, as does its distribution between regions within countries. In 1990 the UNDP placed Costa Rica and Panama in the high "human development" category, while El Salvador, Honduras, Guatemala and Nicaragua were placed in the middle group of countries.⁵ Although the gap between the two categories was not very great, there were great socioeconomic differences between the country with the highest level of human development and that with the lowest.

The differentiation in the development processes between the countries of the region, and their internal armed conflicts, have also affected the relative importance of the different vulnerable groups, as well as their specific characteristics and needs. The situation of rural women is quite different in Nicaragua and Costa Rica, or in Panama and El Salvador, for example.

Also, the type of tenure and "open" access to the ownership of land are factors that have been important in differentiation and the extent to which poverty has worsened

in the countries of the region. In Costa Rica, the "equitable" distribution of land ownership has generated a large number of small and medium-sized production units, which appears to have led to more just working relationships between them and large farms, and, in general, appears to have contributed to the formation of a society with a more equitable institutional, political, economic and productive system and greater social cohesion. The situation is similar to the economic development observed in some of the countries of Southeast Asia.

The impact of greater access to land even appears to be reflected in the number of rural poor in the countries. While in El Salvador, Guatemala, Honduras and Nicaragua, 75% of the rural population lives below the poverty line, in Costa Rica, only 30% of the rural population falls into that category.

In this regard, it is worth noting that the "reformed" sector has almost three million hectares in more than 6000 settlements that house some 360,000 families, with a population of approximately 1.8 million people (IICA, CORECA, PRACA, UNDP, GISA 1991). However, despite having access to land, most of these families live in precarious technical and financial conditions and their members form part of the army of rural poor. From the outset, land distribution efforts did not have sufficient resources at their disposal to permit them to execute training programs and equip farmers with the technical and management skills they needed to compete successfully in markets. This was one of the main reasons for the failure of "agrarian reform" in Peru, for example.

Also, in most rural areas, the principal groups of poor are made up of families located on small farms, landless small farmers and the dependent labor force (IICA, PROADER 1991). However, it should be pointed out that the

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**Processes of
differentiation
and the
diverse levels
of poverty
between the
countries of
the region**

poverty of the families in these categories is worse in zones with greater agroecological limitations. Families living in the Dry Humid Tropics are faced with more serious climatic conditions than those located in the Humid Tropics. On the other hand, families located in the latter must survive in more fragile ecosystems. Furthermore, these regions generally have less social infrastructure and support services for production, and are usually isolated from urban centers and markets, which limits their possibilities for development even further (CATIE 1986).

This situation is made even worse by the lack of socioeconomically and ecologically acceptable technology and production techniques.

2. Rural poverty and food production

Food production is another of the fundamental links that galvanizes the relationship between the countryside and the city. In fact, most of the caloric intake of the rural and urban poor in almost all the countries of the isthmus is derived from three grains: corn, beans and rice.⁶ The stability of the prices of these grains is one of the factors that ensures the low cost of food in urban areas, just as an increase in their price can translate into greater benefits for poor rural producers. Logically, this dichotomy must be evaluated carefully when formulating policies, programs and projects for combating poverty.

Research conducted by the Food Security Program of the Central American Isthmus estimated that at the end of the last decade there were some 1.8 million farms in the region, 1.4 million of which produced "staple grains" (corn, beans, rice and sorghum).

▼
**Relationships
between the
expansion of
productive units,
excessive com-
mercialization,
and
poverty**

Of that total, 900,000 farms were so small that they could not meet the basic food needs of the families concerned (Deve 1990). Most production was for on-farm consumption, with only small amounts of "marketable surpluses." This situation has forced members of these rural families to seek paid employment, temporarily or permanently, off the farm.

There are also some 400,000 farmers with medium and large farms who have access to capital and a minimal amount of technology, which enables them to earn enough income to meet their families' basic needs and to generate a small "marketable surplus." However, their situation does not allow for sufficient capitalization for them to become commercial enterprises. In summary, these two categories of poor small farmers have primary responsibility for producing these components of the basic family food basket.

Lastly, there are some 100,000 staple grain producers who are in a position to market most of their production, providing enough income for capitalization and, possibly, for the modernization of their productive systems.

These groups generate considerable volumes of the three basic products and are linked in different ways with local, regional and national markets. This diversity in terms of access to different markets probably means that profit margins vary; also, commercial relationships in such markets, in terms of power and work, tend to benefit producers with commercial-scale farms the most.

3. The dependent labor force and distortions in the labor market

The poorest category in the rural sector is composed of the dependent labor force in the modern subsector and self-employed workers in the traditional sector (Fallas 1992:48). In the case of the former, segmented labor markets and the lack of controls to ensure that the legal mini-

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Salaried rural women represent the poorest category

mum wages are paid afford employers special conditions for taking advantage of the working capacity of individuals who are not in a position to gain entry to more sophisticated markets, where more stable working alternatives and more competitive wages are available.

Self-employed rural workers are usually linked to the traditional subsector. Honduras and Guatemala are good examples, where they account for 36% and 43% of the poor, respectively.

4. Reproduction of poverty

This point of view suggests that individuals born to poor rural families are unlikely to be able to climb out of the poverty trap, unless appropriate mechanisms are created to enable them to acquire new productive or management skills that would equip them to do so.

This hypothesis is based on a study of the characteristics of poor families in Costa Rica (Trejos 1990). The possible limitations notwithstanding, the author's observations suggest the type of relationships studied and the trends, which could also apply to other countries if allowance is made for the variables related to the spatial location, the scale of the problem faced, the frequency of poor groups and the diversity of ethnicities involved.

The research revealed that poor households had more members, and comparatively fewer of them were inserted into the labor force. In addition, their educational level was low (40% of heads of households had not completed primary school), their housing was inadequate and overcrowding was common. Access by these groups to basic health services was also well below the national average.

The study also revealed that in the urban sector insufficient income was mostly the result of the low wages generated by the type of work performed, rather than inactivi-

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Socio-economic and cultural mechanisms which impede the rise of the poor on the social scale

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The inequality of relationships between social groups is reflected spatially: "modernized" areas show the contrast with extensive poverty-stricken spaces

ty or unemployment. In the rural sector there proved to be a direct relationship between poor families and the size of the productive unit, and, in particular, the area under cultivation.

5. Spatiality of the problem

The ecological conditioning factors and access to services and social or productive infrastructure largely determine the development potential of the different regions within each of the countries.

This, in turn, gives rise to different productive scenarios with specific social and economic dynamics which generate their own negative social externalities. In some of the regions where the conditions for development are the least favorable, poverty levels are higher than the national average. In other words, the population living in extreme poverty is usually located in clearly defined national spaces.

This lack of economic/spatial integration between certain marginalized regions and the dynamic nucleus of growth continues to exist in all the countries of the region. This pattern of distribution of economic activity and, therefore, of the population, has created social, economic and ecological disequilibria within the countries.

Although no regional diagnostics of poverty have been conducted for all the countries of the Isthmus, the preceding assertion was confirmed by national studies carried out in Costa Rica (IICA, MIDEPLAN, MAG, SEPSA 1991) and Panama (IICA 1992a), and a case study in Guatemala (IICA 1992c).

Costa Rica is the Central American country with the best socioeconomic and productive conditions. Nonetheless, it also contains marginalized regions with rural poverty levels similar to the Central American average. The study revealed important inter- and intraregional disparities in

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Regional development is even unbalanced in the countries of the isthmus exhibiting the highest socioeconomic indicators

Table 3. Human development index and other social indicators for the Central American countries.

| Country | Human development index (1990) | Life expectancy at birth (1985) | Average education (adult literacy) (%) (1980) | Per capita GDP (US\$) (1987) | GDP index (US\$) |
|-------------|--------------------------------|---------------------------------|---|------------------------------|------------------|
| Costa Rica | 0.876 | 74.9 | 91.8 | 5.6 | 3760 |
| El Salvador | 0.524 | 64.4 | 68.8 | 3.4 | 1733 |
| Guatemala | 0.488 | 63.4 | 51.9 | 4.0 | 1957 |
| Honduras | 0.492 | 64.9 | 68 | 3.0 | 1119 |
| Nicaragua | 0.612 | 64.8 | 78 | 3.5 | 22090 |
| Panamá | 0.796 | 72.4 | 86.4 | 5.9 | 4009 |

Source: UNDP. Human Development. 1990 Report.

Costa Rica's economic indicators (unemployment and underemployment) and social indicators such as educational levels, infant mortality and malnutrition. The differences are even reflected in access to decision-making processes and political power, which is concentrated in the Central Region.

The research in question confirmed that the regions with least access to social and production support services and, therefore, higher levels of poverty, are Huetar Norte, Brunca and Huetar Atlantica. The social indexes for these regions are, in some cases (e.g. illiteracy, infant mortality and life expectancy), three times the national average. Furthermore, the "social development indicator" for each region points up the fact that the level of development of the three areas mentioned is less than 50% of that of the most developed region. In other words, these regions contain a percentage of poor which is double the national average,

placing them close to the lowest Central American levels of the human development index.

Regional differences have also been shown to exist in Panama, where the highest rates of poverty are to be found in regions such as the Darien (Heckadon and McKay 1984). In the case of Guatemala, the departments of Huehuetenango and El Quiche are the poorest regions, with levels of abject poverty as high as 85%. Most of the inhabitants of these departments are of indigenous origin, with mini- and micro-farms and farming methods that promote the conservation of their renewable natural resources (terraces, mixed farming systems, crop rotation, the conservation of humidity, etc.). In the departments of Zacapa, Chiquimula and Juliapa, the conditions of poverty are similar to those in the other two, owing to the advanced degree of soil erosion, an arid climate and the almost total loss of plant cover. The Peten is another extremely poor region, with fragile ecological conditions and serious constraints to production due to acidic soils. The majority of the population has also been displaced by the armed conflicts.

C. The dynamic rural/urban linkage

Rural poverty has also had a direct impact on the deterioration of urban areas. Burgeoning marginal populations, the growth of street trading and the informal sector reflect a clear link between the displacement of the rural population and the mushrooming of urban areas. Migrants see urban centers as sources of new economic opportunities; with their "drawing power", they appear to offer alternatives to the "rejection" of rural areas where employment and access to social services are so limited.

This social phenomenon is reflected in the rapid increase in internal rural-urban migration over the past decade. The latter has acted as a catalyst in the transforma-

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Rural poverty is transferred to the city and is joined to the economy of that space through the Informal Sector

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**The internal
(rural-urban)
and external
(between
countries)
migratory
situations**

tion of the demographic profile and the labor force of some cities; overcrowding among marginal populations has created enormous pressures on the limited social services and infrastructure. Without doubt, these migratory processes have contributed to the deteriorating conditions to be found in almost all large urban centers.

In the last decade, over one million Central Americans have also emigrated. The most notable examples are the migrations of Nicaraguans to Costa Rica, Guatemalans to Mexico and Salvadorans to the US.

The Informal Sector is the dynamic link between the countryside and the city, an alternative originating from the creativity of the displaced themselves. Commercial and productive activities outside the formal system offer alternative forms of productive insertion that make it possible for them to support their families.

The activities of this sector have mushroomed over the last decade in the capitals of all the countries of the Isthmus. In consequence, a growing number of women, children and elderly people sell merchandise on the streets, prepare food in stalls, drive battered, unlicensed vehicles and even build their own dwellings in marginal neighborhoods. Mendez D'Avila (1992) presents figures on the percentage of the EAP in urban areas who work in the informal sector: Managua 47%, Guatemala 33%, San Salvador, Tegucigalpa and Panama City around 30%, and San Jose, 22%.

The economic crisis and the subsequent adjustment policies undoubtedly account for the rapid growth in these "informal activities," and an important part of the response to the need to generate employment in the short run may lie in the experience acquired by this subsector of the economy.

D. Differentiation by vulnerable group

1. Poor women

The insertion of poor women into the formal labor market is determined by their domestic function. Their incorporation is limited to secondary activities that are actually regarded as an extension of their principal role. When women have to earn a living outside the home, they must combine such activities with their existing workload.

In addition to domestic tasks, the most common occupations of rural women over the past three decades have been agricultural production, the manufacture of garments and textiles, trade and services. Over the last five years, their participation in agroindustrial activities and the maquila industry has increased.

However, rural women are usually to be found in the most poorly paid occupations and those that are most susceptible to unemployment and formal underemployment (Guzman 1991). Unemployment and formal underemployment among women are closely linked to economic cycles. In the case of Costa Rica, during the crisis of the Eighties women aged 12 to 19 were the group hardest hit. After the economy was stabilized, the highest rate of unemployment was found to exist among the 19-29 age group -women who usually have small children. By 1987, 80% of all unemployed women were aged 12-29.

In short, the problem of unemployment and underemployment among women in rural areas is far more serious than in urban centers. Women are often obliged to work for less than the legal minimum wage. This situation may account, in part, for the growing number of women engaged in rural enterprises in recent years.

In countries such as Nicaragua, El Salvador and Guatemala, this situation has been exacerbated by armed

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In Central America the military conflicts and their consequences have further impoverished the most vulnerable groups: women, children and ex-combatants

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**Differentiation
by vulnerable
groups**

conflict, social destabilization and continuous male migration. In some regions of these countries, up to 30% of all heads of household are women (IICA 1992b).

2. Children

There is a direct link between one-parent families headed by women (widows, abandoned women, women whose husbands are temporary migrants, single mothers, etc.) and the situation of their children. Abandoned children in both the rural and urban sectors are an especially vulnerable group that require specific measures to solve their problems. Most of these children are obliged to leave school at a young age to enter the labor market. They are thus denied the opportunity to upgrade their skills and qualifications in the formal system to satisfy an increasingly demanding labor market.

3. Ex-combatants

The protracted armed conflicts that took place in Nicaragua, Guatemala and El Salvador generated another category of displaced persons: ex-combatants. In the new stage of pacification and democratization, this group is struggling, unsuccessfully, to reintegrate itself as productive members of society. Their task has been made especially difficult by the prevailing economic and political conditions (IICA, OAS 1990).

E. Rural poverty and the deterioration of renewable natural resources

Some of the causes of the non-rational management of renewable natural resources are imbalances in the spatial distribution of economic development, inequitable control over natural resources, and the concentration of the population in fragile ecosystems. This has created intense demographic pressure in the Pacific regions of almost all

the countries of the Isthmus and large-scale migration to the humid tropical regions (Caribbean). The latter is characterized, among other things, by a fragile ecology and thick forest; over the past ten years the latter has been destroyed at an unprecedented rate (Carter 1991).

The Pacific region has also undergone a process of impoverishment, due to the rapid decline in its renewable natural resource base. According to Carter (1991), the most important factor in management of this kind has been the critical impoverishment of the population, with the consequent degradation of its productive base, which has quickened the pace of the decline in the quality of life and the socioeconomic conditions of the rural and urban population.

The clearest evidence of the link between poverty and environmental destruction is in hillside areas. In the case of the Isthmus, over 60% of the land suited to agricultural and livestock production is to be found in mountainous regions. Over half of all forests also lie in areas with slope in excess of 5%. In this context, a high percentage of basic grains (corn, wheat and beans) are harvested by small productive units on hillsides. These subsistence farms are characterized by the use of traditional technology, low productivity and declining marketable surpluses.

In other words, these productive units are occupied by poor rural families that are obliged to make intensive use of their limited natural resources. As a result, they degrade the soil, manage available water supplies poorly, and cut down the few remaining trees in their immediate surroundings to use them as a cheap energy source (Leonard 1989).

The expansion of production on hillsides has caused severe deforestation in the upper parts of watersheds, eroding soils and diminishing water quality and also affecting the middle and lower parts of the watersheds (Lindarte and Benito 1991).

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Poverty is one of the causes of the deterioration of basic environmental resources, such as water, soil and forests

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Damage done by exploitation

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Opportunities to access productive resources are directly proportional to the size of the exploited unit

F. Inequitable economic growth

Although there has been reasonable growth in agricultural exports, generating a substantial increase in foreign exchange earnings and the rate of productive investment in the agricultural and other sectors, the benefits of these increases did not overflow to most rural dwellers (Fallas 1992). This was due to asymmetric and interdependent relationships between traditional and "modern" agriculture, in addition to biased access to production resources. In fact, the mechanisms that provide access to productive resources (land, capital, technology, know-how and information) are designed to meet the demands of the largest productive units and agroexport enterprises, while small units and micro-units are usually excluded.

This phenomenon has generated a biased process of capitalization in favor of large productive units and other economic actors such as businessmen, who have access to, and the power to manipulate, local and regional markets, with no or very few benefits for small rural producers.

G. Limited political participation

In the last three years, all the countries of the Isthmus have embarked on a new stage of political openness and democratization. All the present governments of the region were elected by popular vote, bringing to an end a lengthy period of almost zero political participation.

However, this relatively new phenomenon in most of the countries is merely the start of a process of political maturation that has to be modeled, managed and promoted by all sectors of society for a lengthy period, in order to consolidate it.

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Political participation and the strengthening of base organizations is now in the process of consolidation

All the countries of the Isthmus have embarked on processes to modernize and decentralize the State, with the main objectives being to increase the efficiency of the public apparatus, decentralize the decision-making process and allocate resources to the corresponding municipalities or local governments. The underlying premise of these actions is the need to reduce public spending and decentralize decision-making, while at the same time creating the conditions for popular participation and strengthening grassroots organizations.

The two processes should go hand-in-hand at this critical point in the history of the countries of the region, and can be strengthened to ensure the construction of a more equitable society.

H. Access to social services

UNDP views "human development" as a "process whereby the opportunities of individuals are expanded, the most important of which are a long and healthy life, access to education and the enjoyment of a decent standard of living. Other opportunities include political freedom, the guaranteeing of human rights and self-respect" (UNDP 1991).

UNDP uses three indicators -longevity, educational knowledge (skills) and income levels- to calculate its human development index.

The indicators presented in the above table show clearly that the standard of living of the rural and urban population of those countries that have designed a stable social policy with sufficient financial resources, Costa Rica being a case in point, are higher than the average for the rest of the countries of the region. These differences are even greater in the case of the rural population of Central

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**Concept of
development
according to
the UNDP**

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**Investment
areas in the
countries of
the zone and
how the
poverty index
is affected**

America as a result of their limited access to health services, basic education, potable water and electricity.

An analysis of the matrix of the social policies, programs or instruments prevailing in the countries of the Isthmus reveals the existence of a wide-ranging, heterogeneous set of efforts to alleviate some of the causes of poverty. Most of these actions are targeted at specific thematic areas such as education, housing, employment and nutrition (SIECA, CABEI, ECLAC, CADESCA 1991). There is also a small group of projects designed to support NGOs, private social services, labor organization and the productive social infrastructure.

This gamut of actions focused on the social sector and human development has been insufficient to have a significant impact on the growth of poverty, however. In global terms, it is fair to say that, with the exception of Costa Rica, over the past five years the funding of social programs by the governments of the region has dwindled. The factors responsible for the reduction in the resources available for social programs have been: the crisis, the requirements of the adjustment process, military spending and the servicing of the external debt. However, in this difficult context efforts have been made to alleviate the problems of poverty through short-term compensatory mechanisms (e.g. social investment funds) to offset the negative effects of the adjustment on the neediest groups.

In spite of the situation, civil society has strengthened its organizations to generate its own solutions. A case in point are the NGOs engaged in providing assistance and support to the productive activities of the poorest sectors of the population. There has also been an increase in the community's participation in the execution of alternative solutions to the different problems, in order to reduce operating costs.

In conclusion, the main causes of the growing impoverishment of the population are:

- a) Economic growth rates that are insufficient to promote a substantive increase in job opportunities.
- b) High rates of human reproduction.
- c) A bias in opportunities for access to assets.
- d) Limited access to social services.
- e) A bias in the options for access to skills development.
- f) The limited participation of the masses in political power.
- g) An increase in the annual rates of environmental deterioration due to irreversible losses in forest cover, erosion, the salinization of soils and a deterioration in water quality.
- h) Inefficient institutional systems, inadequate to meet the enormous challenge of implementing an equitable and sustainable development model.

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**Causes which
have
accelerated
the
impoverishment of the
rural sector**

If these causes are not eliminated within the next decade, around the beginning of the new millennium, of a total population of around 40 million people some 26 million will be poor. Unquestionably, this disequilibrium could exacerbate social conflicts to a degree hitherto unknown in the region, and the rate of deterioration of renewable natural resources in the region would increase. This combination of critical factors (growing poverty, demographic increases and the destruction of renewable natural resources) could set the countries on a collision course, with no point of return.

The present situation is therefore ethically unacceptable, politically unsustainable and economically unviable. The sustainability of the present social pact depends on the ability of the national economic system to transform its relationships and incorporate the majority of the population into its benefits.

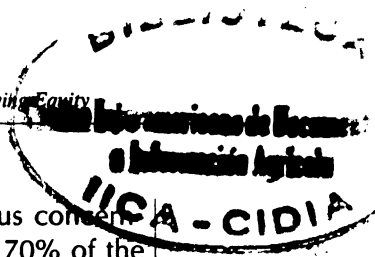
II. GUIDELINES OF A STRATEGY TO COMBAT POVERTY

The guidelines for combating poverty set out in this chapter should be regarded as an integral part of a dynamic, multidimensional, national economic development proposal, underpinned by the concepts of equity, sustainability and competitiveness.

In other words, the guidelines refer to radical changes in the sociopolitical structure and economic relationships within the countries and between the countries of the region, and between them and their trading partners.⁷ Moreover, the change required to make the transition toward a more equitable society has a specific directionality and rhythm in each country, and both are determined by the present state of political, social, environmental, economic and technological activity.

In this regard, in his bold proposal for tackling the global ecological crisis, Al Gore makes some proposals that could be adopted to strengthen the ideas put forward here. He states that: "the plan should have as its more general, integrating goal the establishment, especially in the developing world-of the social and political conditions most conducive to the emergence of sustainable societies- such as social justice (including equitable patterns of land ownership); a commitment to human rights; adequate nutrition, health care, and shelter; high literacy rates; and greater political freedom, participation, and accountability. (Gore 1992).

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**Al Gore's
proposal for
confronting
the crisis**



It would seem that there is growing consensus concerning the idea that in the countries where almost 70% of the population is poor, there is a need for drastic adjustments to every component of the development model, in order for equity to become one of its short, medium and long-term objectives, to "provide all human beings with the opportunity for a full life" (Streeten 1981).

For this reason, the guidelines and mechanisms proposed to combat poverty pertain to both the economic sphere (UNDP, 1990, p. 63) and those related to:

- a) Political participation and the further development of democracy;
- b) The fine-tuning of "markets" to ensure equitable access to the benefits of development;
- c) Greater opportunities for obtaining new skills and abilities;
- d) The harmonization of development instruments to ensure the sustainable management of renewable natural resources.

These four elements involve issues related to a proposal for inclusive modernization (Chiriboga, Calderon and Piñeiro 1991), which calls for the adoption of measures to ensure that opportunities are redistributed so that the majority may attain a level of income that would allow them to satisfy their minimum needs.

In other words, although economic growth based on the transformation of the production structure is absolutely indispensable under the model of trade liberalization and economic opening, advantage could be taken of the opportunity to satisfy the economic objectives of development, ser-

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**The
liberalization
model and its
operational
dimensions**

vice the external debt and address the burgeoning social needs.

This proposal has three operational dimensions: the first involves higher levels of employment, income and the minimum consumption of the poor rural population; the second calls for large-scale access to social services; and the third, for democratization through greater access to decision-making processes in national, regional and local governments.

A. SCOPE OF THE PROPOSAL

The special emphasis on rural-urban interactions and the principles of national development proposed in the previous chapter notwithstanding, the following guidelines are limited to poverty alleviation efforts at the regional level. These form part of a national strategy, whose spatial approach is geared to the execution of actions at the municipal level and/or that of other regional or local administrative units.

The biggest effort proposed is linked to the idea of changing the context of this spatial scenario, modifying the relationships between civil society, the State and the market. This approach to development emphasizes the promotion of productive or social activities that galvanize the links, through "markets", between rural areas and population centers or urban areas, paying special attention to the functional articulation between small-, medium- and large-scale producers, and harnessing the links with food chains and other modern methods of processing products. In other words, the proposal focuses on the regional/municipal strategy for combating rural poverty.

This conceptual development regarding regions is consistent with IICA's institutional mandate and is based on two assumptions, namely that: a) making use

of their comparative advantages, other specialized organizations will formulate the elements of the matrix related to the urban sector; and b) there is a need for a qualified institution to organize, in a coherent and harmonious way, the various components of a national poverty alleviation strategy.

B. THE NATIONAL LEVEL

1. Conceptual elements

The following conceptual and methodological elements are fundamental to any national strategy to combat poverty, in that they are requirements for regional and local development.

a) Characteristics of the actions of the strategy

In order to take account of the critical financial situation faced by the countries of the region at the present time, and to ensure a coverage of the poor commensurate with the scale of the problem, the actions of any national strategy should have the following characteristics:

- **Synergy:** Efforts should be made to ensure that the actions of different programs complement one another, so that their combined impact is greater than their individual effect; therefore, there is a need to execute certain joint activities and impact, simultaneously, the target household units.
- **Permanence:** The actions of the strategy should be long-lasting, so that their effects eliminate the causes of the problem.
- **Greater efficiency:** The actions should facilitate an increase in the capability of the beneficiaries to satisfy their own basic needs.

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The implementation of joint measures which tend to provoke a larger impact upon the poverty problem

- Focused demand, from the spatial and group perspective: The excluded regions and focal groups that are to be given priority must be defined. Once this is done, it is suggested that priority be given to productive investment activities, projects and programs, rather than immediate consumption.

b) Definition of basic needs

The basic needs are those that are essential to conserve life and develop the potentialities of human beings (See UNDP 1992). These may be material or non-material.

- Basic material needs: Access to job opportunities and services such as education, health, food, housing and potable water.
- Basic non-material needs: The conditions that all people require for their normal development: security, self-realization and political participation.
- Levels of needs: The aim is not to enter into a methodological discussion of the appropriate level of each need. Each country should consider the possibility of adopting the list proposed by the United Nations Organization (UNO) of the types of basic needs and their minimum levels of satisfaction.

c) Target population and goals

In order to determine the institutional structure, the number of specialists and the amount of financial resources required to execute a poverty alleviation strategy, it is necessary to precisely define the regions and the number of inhabitants to be targeted by each action.

It is also essential to define the goals that one wishes to

attain for different needs, bearing in mind the present level of the respective indicator(s), the level that one wishes to achieve, and the proposed time frame for doing so.

One way of formulating national programs is to design three future national and regional scenarios, in order to foresee the institutional, financial, political and organizational effort involved in each and, at the same time, to define the improvements achieved by each vulnerable group and region. The cut-off point for these scenarios could be the years 2005, 2015 and 2020, which would be used to determine the progress being achieved as reflected in a specific set of indicators.

Matrixes can be developed with the indicators, institutional structures and costs required to achieve the goals set for the years in question. Each point in time selected will show the levels of the indicators and by the last year (2020) all these societies will have achieved a point of equity regarded, a priori, as acceptable in terms of minimum income levels and basic needs.

As the diagnostic revealed, the gap in basic material needs that must be bridged varies from country to country. The time frame, the amount of resources and the institutional system required should therefore reflect these disparities. This makes it possible to generate a matrix of actions by region and/or vulnerable group, costs and institutional needs.

Large regions with socioeconomic and ecological similarities could be used to conduct this exercise, such as:⁸

- Watersheds or micro-watersheds;
- A set of municipalities;
- Irrigated areas with small-farmer projects;
- Small and/or micro-production areas on hillsides where conservation methods are urgently needed;

- Specific areas of the humid tropics where deforestation and the intensive and inappropriate use of the soil and plant cover by the population is destabilizing the ecological equilibrium;
- Rural settlements stemming from agrarian reform.

The basis for the development of scenarios would be a "national diagnostic of poverty and natural resources," along the lines proposed by the UNDP, which recommended that a "human development plan" be formulated for each country based on a diagnostic of the needs and potential of its human resources (UNDP 1990:70-71). Special attention should be paid to gender differences and the specific characteristics of the urban and rural populations and the vulnerable groups of each region.

2. General measures to be adopted at the national level

a) Promoting a social pact with broad political support

Any long-term strategy to combat poverty of the size and scope suggested in this book must first enjoy the unqualified political support of the different parties, the Senate, the House of Representatives, economic groups and trade unions. In other words, the negotiation of the strategy should produce a new social pact, in which all the political and social sectors of each country are represented.

Once this has been achieved, a suitable institutional entity should be defined and given every support in orienting and formulating the program.

b) Conducting a rapid national diagnostic

The objective of this diagnostic should be to determine the demographic characteristics (by social group of the poor population) and the potential of the renewable natural resources of each region. This diagnostic will be formulated primarily on the basis of existing information, and

efforts should be made to keep the implementation costs and time-frame to a minimum.

c) Effectively harmonizing poverty alleviation programs with macroeconomic policy

The only way of winning the war against poverty, in the long run, is through a process of stable economic growth. The "trickle down" effect, as a distributive mechanism, is insufficient to respond rapidly to present social needs. This dilemma between growth and redistribution policies is in fact a conflict between the long and the short term, and it is therefore up to each country to resolve it based on its own political, social and economic possibilities.

For example, if it is decided that the objective should be to eliminate poverty within the next decade, the "trickle down" effect is insufficient as the principal instrument and it could be three or more decades before the countries achieve their objective. To make a significant dent in poverty, therefore, it becomes necessary to strengthen the economic growth of the countries and at the same time execute specific policies aimed at redistributing wealth. This calls for a delicate balance between productive and social investment over the short and long run.

Although adjustment policies have already defined the most important guidelines of the changes, other general measures can be adopted to promote improvements in the lot of the rural poor, such as a reduction in the inflation rate, the strengthening of the process of granting land title to small producers, and greater access to credit and technical assistance.

In keeping with the conceptual orientation of poverty alleviation policies, it is of vital importance that real incomes be increased, either by creating jobs or raising the minimum wage, linked to increases in the productivity of the labor force.

Employment programs would have to be a priority, and be complemented with training programs so as to maximize the synergy between the two.

Social investment programs in education, health and nutrition are essential for the same reasons, i.e. because they open up access to opportunities for improving human capital, endowing people with new skills and an enhanced physical capacity to overcome the adverse conditions that they face.

Another policy instrument that can be used to strengthen a National Poverty Alleviation Program (NPAP) are fiscal incentives, which can be applied to labor-intensive private productive investments in areas bypassed by development.

Incentives for certain types of productive investment, such as reforestation and the promotion of irrigation projects, are another possibility. In this case, the synergy of productive and social activity can be harnessed, while complementing public and private efforts.

d) Linking poverty alleviation programs to agricultural, forestry and rural development projects

It is vital that the activities to combat poverty be carefully complemented with other rural development actions, i.e. regional activities designed to raise productivity and strengthen organization targeted at micro-units and small household units, which could benefit from job creation and nutritional programs.

e) Creating a National Poverty Alleviation Fund (NPAF)

Probably the best instrument for alleviating poverty in general, and rural poverty in particular, is a specific financial mechanism to facilitate, in financial and technical terms, the new linkages between civil society, the State and the market. The structure and modus operandi of this

mechanism should be flexible and efficient, and it should preferably be administered jointly by the national, regional and municipal authorities. The efficiency of this mechanism should also be ensured by limiting the participation of the public sector and sharing decision-making and administrative responsibilities with the private sector and, first and foremost, with the participation of grassroots organizations.

This "mechanism" would provide suitable local entities - municipalities, cooperatives or other organized social groups- with resources. These in turn would allocate financial resources in line with the specific proposals put forward by the communities themselves, maintaining the principles of synergy and efficiency.

The objective of these resources will be to finance small employment-generating agricultural and non-agricultural productive projects.

f) Strengthening and creating human resource training programs

The development of human capital is a sine qua non for attaining the goals of development with equity. Indeed, improving and/or increasing the skills of the people is crucial to ensure access to formal employment opportunities and higher incomes.

For this reason, it is suggested that special efforts be made to capitalize on the productive and social activities funded by other components of the program, in order to complement them with training activities specially designed for this purpose.

g) Linking poverty alleviation programs to family planning programs

Any strategy to combat poverty should be closely linked

to existing family planning programs, in order to ensure a demographic transition toward lower reproduction rates.

h) Ranking public investments in order of importance and coordinating them with private investment

The national budget should be formulated in such a way that public investment is ranked by region, complementing the resources of the NPAF allocated to social investment infrastructure and production.

i) Seeking alternative funding sources

For the successful creation and execution of an NPAP on the scale proposed, different national or external funding sources must be tapped, such as:

- Internal resources

Social policies can be financed in part out of tax revenues, provided that higher expenditure does not mean that the government resources available for productive investment are drastically reduced.

The funding option chosen may call for the allocation of national resources based on an internal reallocation and privatization/decentralization of some activities to local governments, producers' associations, cooperatives, etc. - i.e. grassroots organizations. This increases the equality of opportunity of access to the services in question and strengthens the democratization process.

Reorganization of the national budget. In the context of the democratization process under way in the region, it is reasonable to think in terms of formulas that make it possible to reduce military spending to the minimum necessary and reallocate the savings achieved to social spending, i.e. education, health, housing. The case of Costa Rica could be used as a model; it had zero military spending,

adult literacy of 93% and a life expectancy of over 75 years in 1989.

Reallocation of the tax burden. This is another possibility that would not affect inflation rates; a 2% tax could be imposed on luxury items and the monies collected allocated to the NPAF.

Strengthening of tax control and collection mechanisms. The World Bank has fostered and promoted activities designed to improve the efficiency of tax collection, as tax evasion is widespread.

Financial promotion of joint ventures. Joint productive investment and the sale of services among the public and private sectors and producers' organizations reinforce existing skills in the non-formal rural and urban (population centers) sector.

Via macroeconomic policy. The countries should negotiate, with bilateral funding agencies, the design and execution of macroeconomic policies with "multiple objectives," including economic growth and social objectives, which, when addressed as part of a single model, will produce more equitable national societies.

External debt. A large slice of the savings of the countries of the region are transferred abroad to cover the interest on the external debt, which becomes an enormous obstacle to productive and social investment.

As large a proportion of the resources derived from the alleviation of the debt burden (be it through an economic or social solution) as possible should be used for social spending. In this regard, it is important to highlight the argument concerning the shared responsibility of the debtor

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**Alternative
Financing**

and creditor nations to “no longer insist that Third World countries pay huge sums of interest on old debts even when the sacrifices necessary to pay them increase the pressure on their suffering populations so much that revolutionary tensions build uncontrollably.” (Gore 1992:297).

Of special interest in this regard is the analysis of alternatives for managing the servicing of the debt differently, as it had reached US\$2.5 billion a year by 1988 (IICA 1991). The discussion should include consideration of some options that have already been proposed, such as the payment of part of the debt in local currency, or its reconversion into activities linked to economic development with equity and the conservation and sustainable management of fragile ecological systems.

- External resources

The Inter-American Development Bank (IDB), the International Fund for Agricultural Development (IFAD), the World Bank and other sources could be approached.

C. THE REGIONAL AND LOCAL LEVEL

1. Spatial approach

This strategy is designed to strengthen the decentralization efforts being implemented, to varying degrees, by the countries of the region.

It is proposed that all the long-term activities of the NPAP be geared toward changing the spatial context in which social relations are conducted and relations between the State, the market and civil society are negotiated.

Furthermore, given the high percentage of the rural population that is poor, a decentralized effort would give the regions greater autonomy in the decision-making

processes and the allocation of resources under a National Poverty Alleviation Program. This approach acknowledges the fact that the authorities, the dependent labor force, small producers, women -in short, society at the municipal or regional level- are those who are most aware of their own needs and potential. It is precisely at these levels that teams of specialists, the representatives of local and regional groups and, of course, the representatives of vulnerable groups, should design the solutions.

As far as spatial equity is concerned, the strategy aims to achieve certain minimum levels of well-being for all the inhabitants of each country, regardless of the region in which they live. This regional approach will also strengthen the productive capacity of the different regions of each country, and the links between rural areas and population centers. This in turn will help to create employment and a process of economically, socially and spatially balanced development, which may be reflected in an increase in the technical and financial capabilities of the region (or municipality) that will allow it to develop with a greater degree of autonomy.

It recognizes the important role played by the municipal and regional movements of civil society in the struggle to improve their living conditions and overcome regional socioeconomic differences and disequilibria. These movements can actually become mechanisms for achieving agreement and, therefore, exercises for strengthening democracy.

An important role could also be played by a funding instrument designed to facilitate the maturation of the autonomy already mentioned.

2. Municipal Poverty Alleviation Fund (MPAF)

The NPAF would have parallel bodies at the municipal

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**Decen-
tralization:
An important
step toward
the fight
against
poverty**

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Local governments must be strengthened by the Municipal Fund, as a part of the MPAF strategy.

level (MPAFs), which would be the mechanism used to fund local or regional productive projects, be they of an agricultural, forestry or other nature. Flexibility and accessibility should be the keynotes of these municipal funds.

In addition to providing funding, these funds will strengthen local governments, support the consolidation of grassroots organizations and contribute to the definition and execution of training activities for the development of special skills.

The functioning of the MPAFs will make it possible to define differentiated activities for the different types of vulnerable groups -rural women, ethnic groups, micro-entrepreneurs, small producers, the dependent labor force, etc.

The projects funded by this source should strive for complementarity with other activities financed by other components of the NPAP. The possibility of complementing the actions of the MPAF with job creation schemes and food programs is described below by way of example.

a) Links between the MPAF and special programs

The figures for rural poverty in the Isthmus reflect the urgent need to provide, in the short term, new types of access to employment and household income in the rural sector. The most expedite mechanism for achieving this is the creation of a productive employment scheme funded by central government and administered by the municipalities and community organizations. The same should be done with food distribution programs, the funding of microenterprises and support for rural women.

However, a clear distinction should be made between those actions aimed exclusively at retaining the population in the rural sector, and others designed to prepare them for joining the flow of migrants from the countryside to the city. It should be remembered that it is much cheaper to solve the problem of rural poverty than that of urban poverty, and to the extent that emigration to the city is reduced, the

cost of solving the urban problem will also be minimized.

Thus, at the operating level the use of financial resources to strengthen the organized participation of civil society and regional and local democracy is strengthened. To ensure this, the work should be closely linked to regional and municipal needs in terms of productive infrastructure. The transformation of the productive and social scenario calls for the construction of roads, bridges, schools, health centers, kindergartens, communal washhouses, etc. Irrigation systems should also be installed, along with systems for the protection, conservation and sustainable management of renewable natural resources and reforestation.

b) Institutional structure of the MPAP

The MPAP should have an institutional structure that harnesses the technical and financial operating capacity, and incorporate a simple and efficient system of work at the regional and local level. At both levels, efforts should be made to explore ways of strengthening and creating mechanisms that would link regional and municipal governments and ensure the effective and dynamic participation of grass-roots organizations, NGOs and private sector organizations.

D. POVERTY ALLEVIATION AS A VEHICLE FOR ACHIEVING EQUITY

Undoubtedly, the crossroads at which the societies of the Isthmus stand today presents not only an enormous challenge, but also an invaluable opportunity, as part of the process of combating poverty, to begin building a new social and political order and move forward with economic growth, making rational use of renewable natural resources, in a scenario that, by redefining the traditional relationships among the State, civil society and the market, opens the way for national institutions and international organizations to strengthen efforts, pool resources and create an equitable society.

DIDACTIC EXERCISE #2

METHODOLOGICAL STRATEGY FOR PART II

Modules of learning activities:

1. Analysis of data and their interrelationships.

Approximate time for execution: 90 minutes.

Materials: the document, paper, rulers, pencils.

- a. Observe the data in Table 2, page 32: Estimate of the magnitude of poverty in Central America isthmus in 1980 and 1990. Identify the most striking cases and relate them to the data in Table 3, page 40: Human development index and other social indicators for the Central American countries.
- b. Construct a diagram of a figure showing the relationships between the data contained in the two tables.
- c. Write short propositions explaining the relationships, using the concepts set out in Part I of the document. You are also advised to consider the conclusions on page 48-49 (a-h)

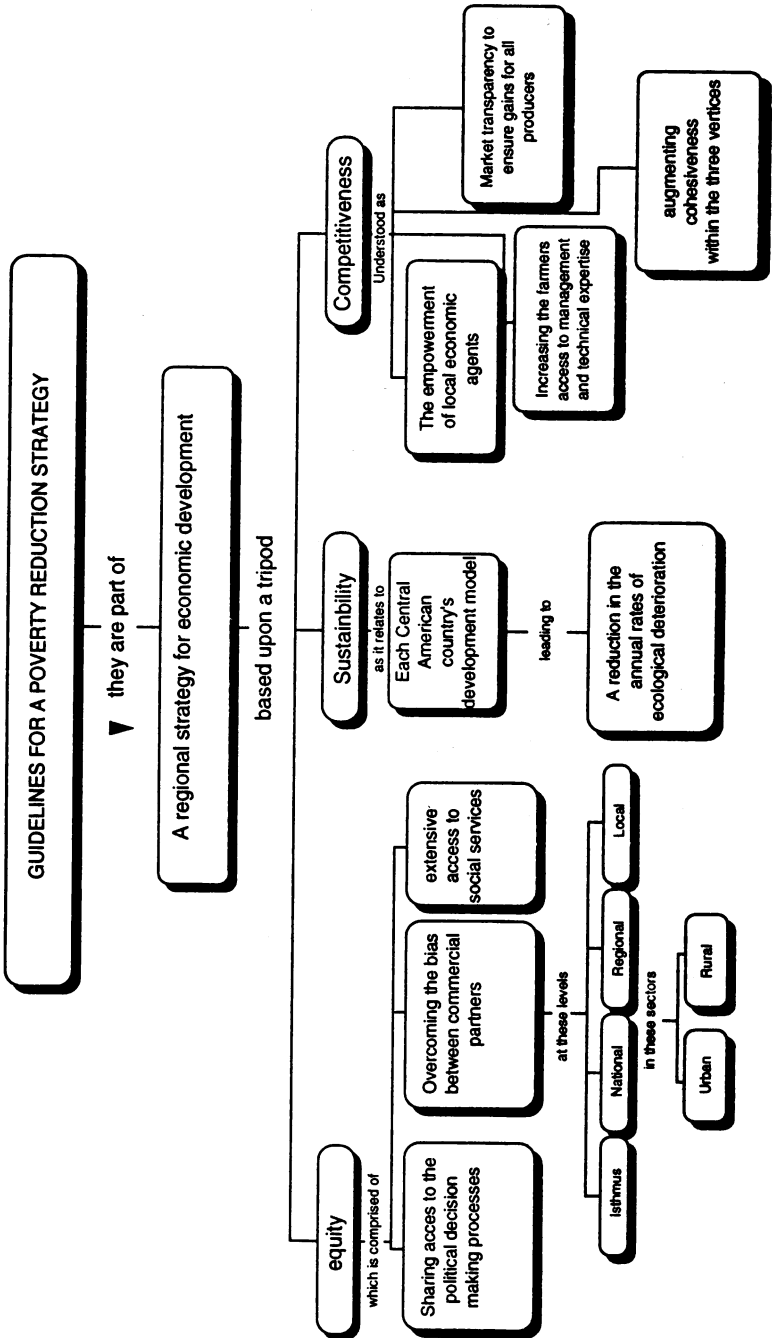
2. Elaboration of conceptual maps.

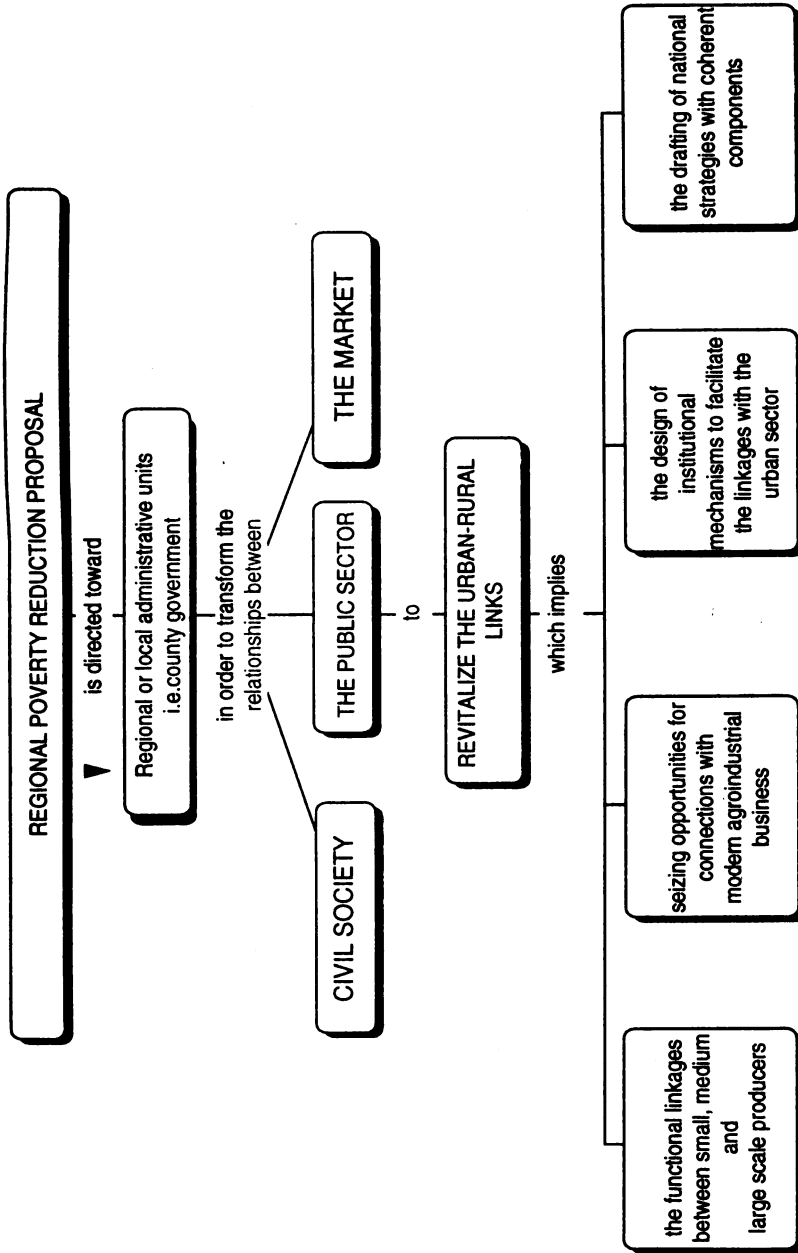
Approximate time for execution: 120 minutes.

Materials: large sheets of newsprint, marker pens, adhesive tape.

a. General instructions: The conceptual maps are composed of two elements: the concepts and the propositions that interlink them (cognitive bridges). The latter are very important because they show the interrelationships between concepts, based on your understanding of them.

The concepts and their interrelationships should be organized hierarchically. Place the most general and inclusive at the top of the map and gradually move downwards. The most specific and least inclusive should appear at the bottom. It should be borne in mind that the most important interrelationships are those between basic concepts. The conceptual maps are not diagrams or outlines. You can use the maps summarizing the core ideas on pp. 68-69 as an example for preparing your own.





b. Divide into groups and draw up a conceptual map of the topics discussed on pages 56, distributed as follows:

- Group 1. : (pp. 56-58.)

Topics: National Level. Conceptual elements a, b, c.

- Group 2. (pp. 56-58)

Topics: General Measures to be adopted at the national level: a, b, c, and d.

- Group 3 (pp. 58-62)

Topics: General Measures to be adopted at the national level: e, f, g, h,i.

- Group 4 (pp.62-65)

Topics : C. Regional and local level.

Spatial approach and the Municipal Fund to combat poverty (a-b)

D. Poverty alleviation as a means of achieving equity.

Each group prepares a conceptual map based on the above topics, and then presents and explain it to the others.

3. Combination and integration of the conceptual maps.

Instructions:

Each group presents its conceptual map, so that by the end there is a single general map.

Suggest and explain the relationships between the concepts included in the maps, noting them on the board using a different color than the one used by the groups.

4. At the same time, the final material is an evaluation of the process and provides input for the document and the construction of new theories.

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- 1 See, among others: Boltvinik 1992; ECLAC-UNDP 1992; Crocker 1991a and 1991b; UNDP 1992; Ravillion; Sen 1983, 1988 and 1992; UNESCO 1990; and World Bank 1990, 1991 and 1992.
- 2 The approach and definitions of rights and capabilities used in this text are clearly tributaries of the ideas of Sen (1983, 1988 and 1992), even though responsibility for interpretation, biases and errors are the responsibility of the author.
- 3 See especially the encyclical *Laborem Exercens*.
- 4 Address by the Pope at ECLAC. 1987. Santiago, Chile.
- 5 See UNDP Human Development Indicators (1990, p. 124).
- 6 It is estimated that they contribute 37% of the caloric intake of these sectors of the population in Nicaragua and 59% in El Salvador.
- 7 These relationships are fundamental, especially given the growing importance of the agreements between trading blocs. A case in point is the Free Trade Agreement between Canada, Mexico and the United States and its "derivations." Few international trade experts would venture to say that this new arrangement is a "game whose sum is zero." Their impact will undoubtedly affect individual countries and social groups of producers and consumers differently.
- 8 Some of these categories are not necessarily exclusive.

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