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Theme III

Governance and institutions for sustainable rural development

Mohamed Nawar

Professor of Rural Sociology and Head, Department of Rural Sociology and Agricultural Extension,
Faculty of Agriculture, Cairo University, Giza (Egypt)

This paper deals with the main concepts of governance and institutions as related to sustainable rural development in LDCs. These topics are somewhat complicated since they deal with both social and political aspects of organising people for action.

First, the concept of governance should be elaborated. The World Bank defines it in the broad sense as "the manner in which power is exercised in the management of a country's economic and social resources for development". Healey and Robinson (1992, 165-6) define **governance** in a broader political perspective as "the use of legitimate authority exercised in the application of government power and in the management of public affairs". By governance, we refer to the process and pattern of distribution of power among potential and actual actors in a specific community or society as defined and articulated in each situation or activity. In rural development, it denotes the pattern of power distribution and the amount of influence exerted by each actor in rural communities in the course of decision making and activities related to rural development. It can be seen in the form of management and the centre of control, whether internal or external, of the inputs and means that are supposed to be used in addressing specific living conditions of a specific target group in rural areas with deliberative changes. Thus, in discussions of the targeting of a specific group in rural development, we would like to know to what extent this group controls the activities that are likely to affect the lives and related conditions of all its members.

External factors have recently gained substantial weight in affecting the decisions of the entire world. Globalisation affects every minute aspect of peoples' lives. So to what extent does each group or organisation in rural areas feel independent in making decisions under these new conditions? This is the core meaning of governance.

By governance we mean deciding the priorities of problems to be tackled, control of the resources available, the share of actors in planning and selecting activities, the role of each in the implementation of needed projects and how the outputs are distributed among the participants.

When talking about rural development projects, it is interesting to know how benefits are distributed among all the partners or stakeholders who participated in the implementation process. From the development point of view, it helps to identify how the target groups are given their rights as real stakeholders including **active participation** in all stages of the management of development activities.

By **participation** we mean "the degree of emotional and power involvement of a target group in the decision making process". Participation shows how power is transferred, not delegated. There is a real difference between the transfer and delegation of power. Delegation of power means that the main source of power is still outside the delegated group or individual. The original holder of power could cancel or withdraw the delegation at any time. Transfer of power means that full authority and full power are assigned to others. If we discuss power for a target group, we are talking about transfer rather than delegation of power. Now, what are the conditions that affect the pattern and status of governance in rural development in the least developed countries (LDCs)?

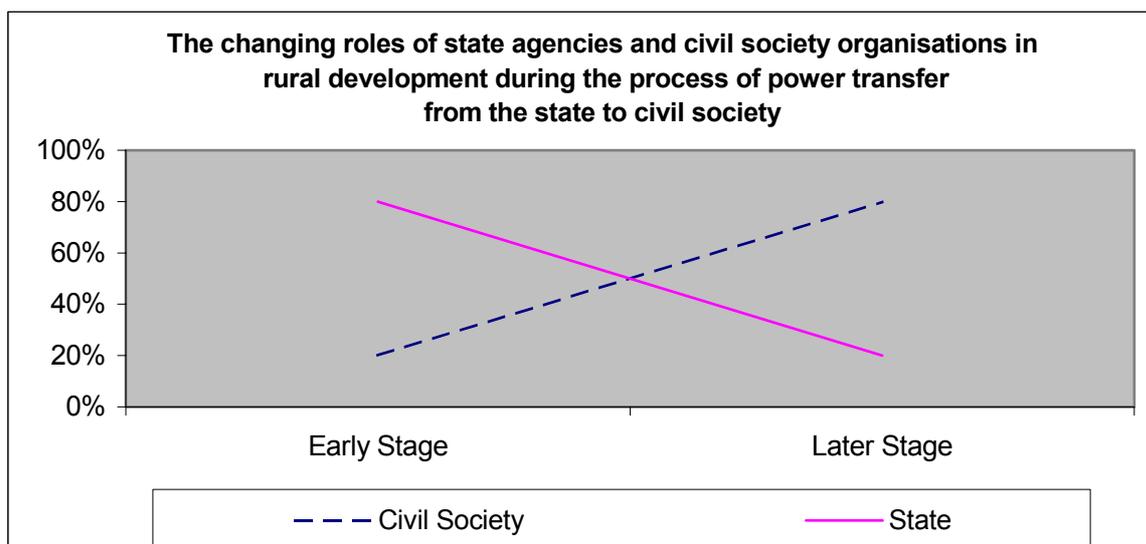
1. Most developing countries are now in a transitory period of structural reforms. During this process there is the opportunity for the emergence and rise of new lobbies of new interest groups becoming new actors in rural communities. In the past, rural development was governed and directed by the state or an official organisation. But when these transfer their power to different actors, new interest groups and new lobbies emerge in which everybody tries to influence the decisions to be made in favour of his interests. A form of competition and even conflict might exist during this stage, that is likely to shape the local political systems of LDCs, resulting in complexity, certain dynamics and even paradoxes.
2. Economic reform, that uses privatisation as a tool in the process of the transfer of the societal wealth from the state to other actors, affects the relative power and role of each actor in a rural community. **Economic and even political power captured through this process is a function of the amount of wealth transferred.** Where do rural people—especially the poor—stand in this process?
3. Poverty—whether material, in competency or in power is likely to increase during the transition period.
4. The roles and functions of the state and its agencies change as a result of its withdrawal from direct control and involvement in the management and implementation of rural development projects.

Governance and State

What are the new roles expected from the state and its agencies under the new conditions that are likely to follow the completion of the transition period? The answer to this question must take into account the different functions of state in the new situation in which it shares its power with many other partners to influence the mainstream of societal actions. It should play the role of brain rather than muscles.

It is therefore suggested that the state and related governmental agencies should place emphasis on the following tasks under the new conditions:

1. the ensuring of equity and access to available resources by target groups in rural development. All partners or stakeholders should have fair access to resources;
2. aiding decentralisation and creating a democratic atmosphere for interaction among multiple actors rather than one actor as was previously the case;
3. the exclusion of certain groups or categories from the course of rural development is likely to emerge as a result of unfair transfer of power. marginalisation is a process that might accompany the power redistribution process that mainly leads to the partial or complete exclusion of specific groups from the mainstream of societal interaction. To avoid the exclusion of any potential actor, which means loss of human resources involved in the development process, the state should give power to disadvantaged groups such as the poor, females, young people, old people and similar groups. The role of the state should therefore be shifted to balanced control of the process of interaction among the new actors to obtain a fair environment guaranteeing a equitable share for these groups in the benefits of rural development activities;
4. to ensure smooth and gradual transfer of power and responsibilities to other agencies, partners and stakeholders should take into consideration the degree of maturity of other organisations that corresponds with the natural growth of capacity and capabilities of local organisations as shown in the figure below. The state cannot withdraw suddenly from all aspects of rural development without helping and empowering local organisations to take the full responsibility for whatever roles the state previously played;
5. securing a legal environment for fair interaction among all actors. The state has the right to change laws and the legal status that should be beneficial all existing or potential actors. What should be the distribution of power between state and the community during the post-structural adjustment programme that is now taking place in most LDCs?



Institutions and governance in rural development

A change in the specific pattern of governance requires the institutionalisation of the change. This process means the implementation of a series of actions, specific procedures and activities through which we create a new settled pattern of distribution of power among potential and actual actors in the community or society concerned. But what do we mean by institutions? And what kind of relation exists between governance and institutions?

By institution we refer to the patterns of interrelations, the sets of norms and rules and the systems of values that control, organise, imprint a pattern on and shape the behaviour of actors during their interaction to satisfy their functionally related requirements of life. We therefore have the family institution, the economic institution, the political institution, the religious institution and so forth. These institutions take care of specific function-related needs. They rationalise social interaction for the better use of all resources, whether material or non-material, that are available to a group or society. **Organisations** are the tangible form of these institutions that articulate the rules controlling specific activity. They can be seen as regulated patterns of actions that take place through nested networks of interrelations among actors. For instance, economic organisations perform activities and achieve goals through several patterns of relations related to the use of available valuable resources in satisfying the physical and material needs of people in interaction. Such interactions are controlled by the rules and values stated by the dominant economic institution.

However, understanding and then controlling the dynamics of interaction in specific areas requires the prior identification of the specific institution(s) related to the activities. This helps to gain awareness of the rule(s) of the game that controls both actions and interactions. Understanding is the necessary condition and a prerequisite for control. In most cases, however, we must precisely identify these sets of values, rules, norms and finally the mechanisms that shape specific patterns of the relations between the parties interacting in this area.

In this connection, I would like to refer to a very well-known current example. The World Trade Organization (WTO) is for example the concrete form of a new emerging world economic institution that intends to control, organise and shape the interaction of the world population, i.e. countries satisfying a very wide range of trade and non-trade needs. This is why there is considerable struggle over the norms, laws and even patterns of interrelation that should prevail among all parties concerning several aspects of the related economic and non-economic activities.

At the national level, Egypt is another example of the existing institutional structure in rural development. Centralisation is a supreme value in state culture for many historical, cultural and even physical reasons. Hence, in the analysis of structure and the actions of related organisations we must consider to what extent this value is exerted, even though it is in contradiction with recent principles of development. On the other hand, there are several entities working in the same area: the Ministry of Local Development through its national programme "Shorouk", the Ministry of Agriculture and Land Reclamation in new land, the Ministry of Social Affairs, the Ministry of Irrigation and Water Resources and the Social Fund for Development. In addition to the state and parastatal organisations, several other large national non-governmental organisations and other foreign and international inter-governmental and non-governmental organisations are involved in local development in one way or another. The question to be raised here is what are the sets of norms and values that shape the activities of all these organisations? And to what extent do they contribute to the integration or disintegration of the mainstream of rural development in Egypt?

However, when talking about organisations and the practical implications of what we call the institutionalisation process, we must consider that actors should benefit from interaction. It should help to meet their needs. Failure in such an endeavour does not help to sustain the activity or interaction concerned. We must pay attention to the functional relationship between sustainability, organisational maintenance and satisfaction of the needs of the partners involved. In discussion of the role of organisations in rural development in the least developed countries, we should therefore consider the transfer of power from the state to people's agencies as a major, dramatic institutional as well as organisational change. The establishment of new organisations by people's initiatives requires specific conditions. They, the people, the potential new partners and organisations should be equipped with all the related managerial and technical skills, the appropriate attitudes and the information and knowledge required to cope better with the changing and liberal environment of economic, political, social and cultural areas of interaction.

That is why human development in general and human resource development in particular should be given, in this regard, high priority in the process of transfer of power from the state and other official authorities to local communities.