Understanding Project Closures: Objectives Assessments Vs. Differing Donor-Recipient Priorities.
Case Study: Phuthiatsana Integrated Rural Development Project in Lesotho

By Gilbert Seotsanyana

Submitted in partial fulfillment of the requirements for the degree of Masters of Development Studies in the School of Development Studies, University of Natal, 2001.

Durban
2001

Declaration *

This dissertation represents the original work by the author and has not been submitted in any other form to another university. Where use has been made of the work of others it has been dully acknowledged and referenced in the text.

The research for this dissertation was performed in Lesotho as the case study to look at was in that country. Research was undertaken under the Supervision of Professor W. Freund during the period July 2001 to January 2002.

The financial assistance of the Donor Funding Project towards this research is hereby acknowledged. Opinions expressed and conclusions arrived at towards this research are those of the author and are not necessarily to be attributed to the School of Development Studies.

Preface

A word on the origins of this study. The intention of my conducting a research project entitled: **Understanding Project Closures: Objectives Assessments Vs. Differing Donor-Recipient Priorities,** was the product of a gestation period of one and a half years during which I was pursuing Masters degree in Development Studies at the School of Development Studies of the University of Natal.

My aims have been to produce a research report that moves from the specifics of my case study, **The Phuthiatsana Integrated Rural Development Project in Lesotho,** to a more general discussion of the dynamics of donor-recipient interactions around project closure. I have been greatly influenced by the new donor thinking with regard to its perception of Africa and its needs - the fact that potentially it offers vision of aid relationships on a more equal footing, with scope for genuine recipient participation. However, as Kayizzi-Mugerwa (1998) observes, potential pitfalls could also be identified: problems for recipients in managing multiple partnerships, for donors finding governments with sufficient capacity and commitment to the shared goals of democracy and poverty eradication to act as genuine partners, and to manage an equal partnership based on the inherently one-sided process of aid budgeting.

Through this study the intention has been to unravel some of the obstacles that need to be addressed if the new donor thinking is to succeed.

Acknowledgements

I want to thank in a special way the District Agricultural Officer of the Berea District in Lesotho, Mr. M. Makaka, for having allowed me to use the documentation concerning the Phuthiatsana hitegrated Rural Development Project. The fact that he also allowed me to interview some members of his staff who had once worked with the Phuthiatsana hitegrated Rural Development Project helped me a great deal towards the writing of this report. I also extend my sincere thanks to the members of the different ministries I had to approach in order to conduct my interviews for the cooperation they accorded me.

I acknowledge with gratitude my supervisor, Professor W. Freund of the Department of Economic History of the University of Natal. Indeed, his remarkable selfless guidance and patience towards the writing of this dissertation cannot escape my mind.

I further extend my gratitude to my aunt, Mrs 'Mamary Ramoriting who has been the source of inspiration for me in the absence of my parents. I am also indebted to my wife and children for their patience and endurance during my absence. Finally, I wish to thank all the people who helped in various ways towards the writing of this dissertation :

List of Acronyms -

ADB	Asian Development Bank
ADF	African Development Fund
AfDB	African Development Bank
ASIP	Agricultural Sector Investment Programme ;
BWIs	Bretton Woods Institutions ~~
DAC	Development Assistance Committee
EBRD	European Bank for Reconstruction and Development
EU	European Union
FAO	Food and Agricultural Organisation of the United Nations
GOL	Government of Lesotho
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	International American Development Bank
IFC	International Finance Corporation
IFI	International Financial Institution
IMF	International Monetary FundlDB
IBRD	International Bank for Reconstruction and Development
IRDP	Integrated Rural Development Project
LDCs	Least developed countries
LFCD	Lesotho Fund for Community Development
MDB	Multilateral Development Bank
NGO	Non-Governmental Organisation
ODA	Official development assistance
OECD	Organisation for Economic Cooperation and Development
OPEV	Operations Evaluations Department (ADF/ADB).
PIRDP	Phuthiatsana Integrated Rural Development Project '
RDP	Rural Development Project ?
SIDA	Swedish International Development Agency
UNDP	United Nations Development Programme

TABLE OF CONTENTS

Page

Preface , (iii)
Acknowledgement ~ (iv)
List of Acronyms ; (v)

CHAPTER 1

INTRODUCTION 1
1.1 Poverty Reduction: The Overarching Objective of Lesotho's Development 2
1.2 Statement of The Problem 4
1.3 Hypotheses 5
1.4 Significance of The Study 5

CHAPTER 2

LITERATURE REVIEW 6

2.1 Lesotho's Agriculture and Rural Development Projects 6
2.1.1 Crop Farming 10
2.1.2 Animal Husbandry 11
2.1.3 Rural Development Projects in Lesotho 13

2.2 The Political Machinations of Foreign Aid 14
2.2.1 The Multilateral Development Banks As Sources of Official Development Assistance 17
2.2.2 Multilateral Development Banks, Bilateralism And The Rules of The Game 20
2.2.3 The Modalities And The Nature of Conditionalities 23
Ownership 27

2.3 Executives And Bureaucracies 29

2.4 The Agricultural And Rural Development Projects in Developing Countries 32

CHAPTER 4 43
COLLECTION OF DATA 43
4.1 The History of The Project 44
4.2 Why The Continuation of The PIRDP Never Materialized 52
CHAPTERS 67
GENERAL COMMENTS AND SUMMARY OF THE FINDINGS 67

CHAPTER 6 73
CONCLUSIONS AND RECOMMENDATIONS 73

APPENDIX 1
The Location Map of Phuthiatsana Integrated Rural Development Project

APPENDIX 2-5
Farm Income Analysis

APPENDIX 6
Financial and Economic Prices

APPENDIX 7
Interviews

References 77

CHAPTER 1

INTRODUCTION

Whatever progress has been made in Lesotho toward trying to consolidate democratic politics and trying to restore economic dynamism has been tarnished and jeopardized by the mass poverty and profound inequalities of income and wealth that plague the mountain kingdom. It is not only that glaring income disputes and extreme poverty are morally offensive. It is also that their persistence could defeat the country's struggle for sustained economic growth and undermine prospects of stable democracy.

In many countries of Southern Africa, market-oriented economic policies have become widely identified with unending austerity, considered detrimental to the interests of the poor. Such perceptions can produce pressures to modify or abandon sound policy directions. They can also undercut the credibility of governments trying to carry out the policies. Indeed, under conditions of extreme inequality, social conflicts can make it difficult to implement coherent economic programmes of any kind (Aghion and Williamson 1998).

The political consequences of mass poverty and inequality can be equally devastating. In fact, poverty and inequality can lead to rebellion, which can in turn end up as internal war, which is usually economically disruptive. Where poverty and inequality do not spark armed rebellion, they often produce political apathy, disaffection and hostility. Destructive rioting is sometimes the result. Other consequences are broad distrust of political leaders and institutions, the heightened appeal of demagogues, (Lustig 1995) and abstention from elections and other political activities.

Large social and economic disparities in a country can undermine any sense of national cohesion and identification. The sense of belonging to the same society and of being represented by its leaders and institutions is vital for a functioning democracy. It is imperiled wherever class divisions are strong. When all is said and done, democracy and equality are intertwined concepts. It is hard to build and sustain democratic institutions in a society divided sharply by income and wealth.

All told, confronting poverty and expanding opportunities for the poor are no less crucial for economic progress than investing in industry or controlling inflation. Reducing inequality is no less vital for democratic stability than conducting fair elections or ensuring civilian control.

1.1 Poverty Reduction; The Overarching Objective of Lesotho's Development

Reducing poverty has been, and still remains, the overarching objective of Lesotho's economic and social development. Indeed, it has been with the same intention of alleviating poverty in the rural areas of Lesotho that nationally as well as internationally organized development efforts have mainly been undertaken in recent years. It is also worthwhile to mention that over the past three decades, governments in most developing countries have been actively promoting development. Because of their economic plight these developing countries negotiated for loans and grants from the multilateral and bilateral donors. These first actors in the development stage not only offered grants and loans, but also their 'expertise', which was influenced almost exclusively by modernization theory. Howes (1992) explains that their early attempts in development attributed Third World poverty to a lack of the institutions and values found in richer countries, and advocated a series of predominantly economic measures which would enable the developing nations to catch up.

Projects were regarded as the primary means by which this was to be achieved. Although there was no universally agreed definition, these were generally seen as activities of relatively short and fixed duration; which were designed to achieve clearly defined objectives, within a predetermined budget.

With the experience of European post-war reconstruction fresh in mind, heavy emphasis was placed upon large infrastructural initiatives, such as power stations and roads, which would 'kick-start', the process of growth, and produce benefits, which would eventually 'trickle down' to all social groups. The strategy was based upon the wholesale importation of exogenous technology and expertise. It is imperative to note that though governments in developing countries have been actively involved in development initiatives, their role in this sphere is no longer restricted to building infrastructure, which, in turn, could stimulate growth. Most of these governments have been directly involved in productive activities and service sectors (Mathur 1986). Lesotho has been no exception. Among the activities, which have been put in place, are the donor-promoted rural development projects. On the whole, the results of this activism have been beneficial to people. However, in many of these countries the performance of government - administered programmes has not appeared yet to be measuring up to the expectations aroused initially. Ake (1996) maintains that most Africans are worse off than they were; health and nutrition problems are widespread, and infrastructure is eroding. In fact, some people are beginning to wonder whether official agencies and governmental functionaries are the most suitable instruments for carrying out development operations (Mathur 1986)

There is also the assertion that donor-funded government initiated projects have rarely been institutionally sustainable in the rural areas of the developing countries; and there is a classic and unglamorous termination problem, which is rarely adequately planned for - how to reintegrate staff and assets at the close of donor funding (Shepherd 1998). It is also posited that most of the rural development projects emanating from a joint venture between a government agency and a donor in a developing country do not usually achieve their objectives. As already mentioned elsewhere, it has been with the purpose of alleviating poverty in the rural areas of Lesotho that nationally as well as internationally development efforts have mainly been undertaken in recent years. " Yet if all observers of Lesotho's 'development' agree on one thing, it is that the history of development projects in Lesotho is one of almost unremitting failure to achieve their objectives" (Ferguson 1990, p8). Why do well - meaning donor- funded integrated rural development projects frequently fail to reach the target population? Why do such plans and projects, some of which have been formulated with so much care, encounter problems?

Many studies have suggested causes for these problems: colonialism, corruption, insufficient technical assistance, and unfavourable terms of trade, inadequate entrepreneurial skills, and incomplete management, among others. Ake (1996) has added to the list the submission that the political conditions can be the greatest obstacle to development. While some have laid a blame for the failure at the door of the recipient governments, there is a growing recognition that most of the conditionalities imposed by the donors also contribute to the problem (Kayizzi-Mugerwa 1998). The different academic disciplines that contribute to development advice and policy bring contested priorities to the internal aid supply debate, and so, too, do those with contrasted regional and agency experiences and career potentials. It is quite clear that development practice is complex, diverse and usually contested (Rew 1997). Indeed, my contention is that multiple factors come into play in order to affect the conditions leading to project failure or its success.

It is with the above views in mind that I have climbed on the bandwagon of those academics that believe in conducting on-going research on issues related to development. In fact, failure to do so is to ignore the historical context of the development process. Hence, I have been engaged in conducting a research project entitled: **Understanding project closures: objectives** assessments vs. **differing donor-recipient priorities.** My aims have been to produce a research report that moves from the specifics of my case study, **The Phuthiatsana Integrated Rural Development Project** in Lesotho, to a more general discussion of the dynamics of donor-recipient interactions around project closure.

This study is situated within the development discourse. The development in this respect involves directed social and economic change in a contemporary context, especially in the Third World. I am conducting this research with Rew's (1997) perception of development as it is now practised in mind; that development is as much a set of currently existing institutions and practices with an international remit and compass as it is sets of concepts containing powerful ideological visions with normative tools of reform on behalf of economic growth and poverty alleviation. Development is therefore at the same time rhetoric, official practice and political theory, while also serving as a framework for descriptions, on a global scale, of human misery and hope (Rew 1997, p81).

1.2 Statement of the problem

The theoretical framework of the study, to narrow it down, is poverty alleviation through rural development. The central issue or the problem to be investigated is project failure in a rural setting, which is actually a multi-pronged phenomenon debates about which revolve around donor relations, the conditionally problem, the ownership problem and the political conditions of the country. The question to be addressed is to establish the factors that came into play in order to effect the conditions which led to the termination of the PIRDP. Thus any investigation, in this respect, of a rural development project necessarily has to transcend conventional practice of confining inquiries to agrarian conditions.

Indeed, as anthropologists posit, it is known that the drama of human activity and interests ensures that visions, methods, institutions and routine practices are blended and combined into complex social processes that are hard to capture with single metaphors (Rew 1997, p81). Hence, in a benchmark analysis of development programming in action in Lesotho, Ferguson (1990, pi7) recognizes the complex social transformations of interest and intentions, and treats the outcome of a development project and programme as "neither an inexplicable mistake, nor the trace of a yet-undiscovered intention, but a riddle, a problem to be solved, an anthropological puzzle." There is a need to unravel the factors leading to the subtle intertwining of bureaucratic politics, economic interest and local social institutions in development planning.

1.3 Hypotheses

As part of the implementation the following hypotheses were made:

1. Lack of the project's autonomy from the government enabled the senior government Officials to manipulate the chain of command by giving directives which diverted the Project funds from the cause they were initially intended for.
2 The conditionally problem contributed towards the closure of the PIRDP.
3 The failure of the farmers to honour their obligations to the credit facility offered by the project led to the closure of the project.
4 The privatization of the public enterprises contributed towards the closure of the project.
5 The unwillingness by the government to shoulder the responsibility of paying the recurrent costs was contributory to the termination of the project.

1.4 Significance of the study

The exposure of the shortcomings, which have confronted the rural development projects, is meant to contribute towards diagnosing development constraints as a basis of future planning. It is also anticipated that as an endeavour for situation analysis, which is essential for successful rural development, the development business will benefit from this study. In fact, the revelation of the errors and inadequacies emanating from the failed projects can help the "new professionalism" of the NGOs to formulate lessons and strategies which can prevent similar mistakes repeating themselves. This is meant to be an analytical challenge, which will affect practice in the design and evaluation of the key building blocks of aid policy - development projects.

The study will contribute to a better understanding of donor funding in Lesotho as well as the Southern African region more generally.

CHAPTER 2

LITERATURE REVIEW

The literature review covered is in line with the contemporary debates around development and aid. It briefly outlines Lesotho's agricultural situation and the performance of rural development projects. Aid-funded agricultural and rural development projects (RDPs) are of considerable interest to the broader aid debate both because they constitute a major feature of official aid programmes and because the available evidence reveals such a low degree of success (Lacroix 1985; Ruttan 1986). Apart from that, it was the focus on poverty that led to the concept of integrated rural development projects which was put into effect in Lesotho and in many of the developing countries. However, the importance of this focus was matched by difficulties in reaching the poor.

The covered literature is also intended to reflect on the workings involved in the process leading towards the subtle intertwining of bureaucratic politics, economic interest and local institutions in development planning; all of which can influence the swing of the pendulum towards the success or the failure of a programme or project. It also highlights the manifestations of power relations along the aid chain with a view to showing that they can be for the good or the bad of the development programme or project.

2.1 Lesotho's Agriculture and Rural Development Projects

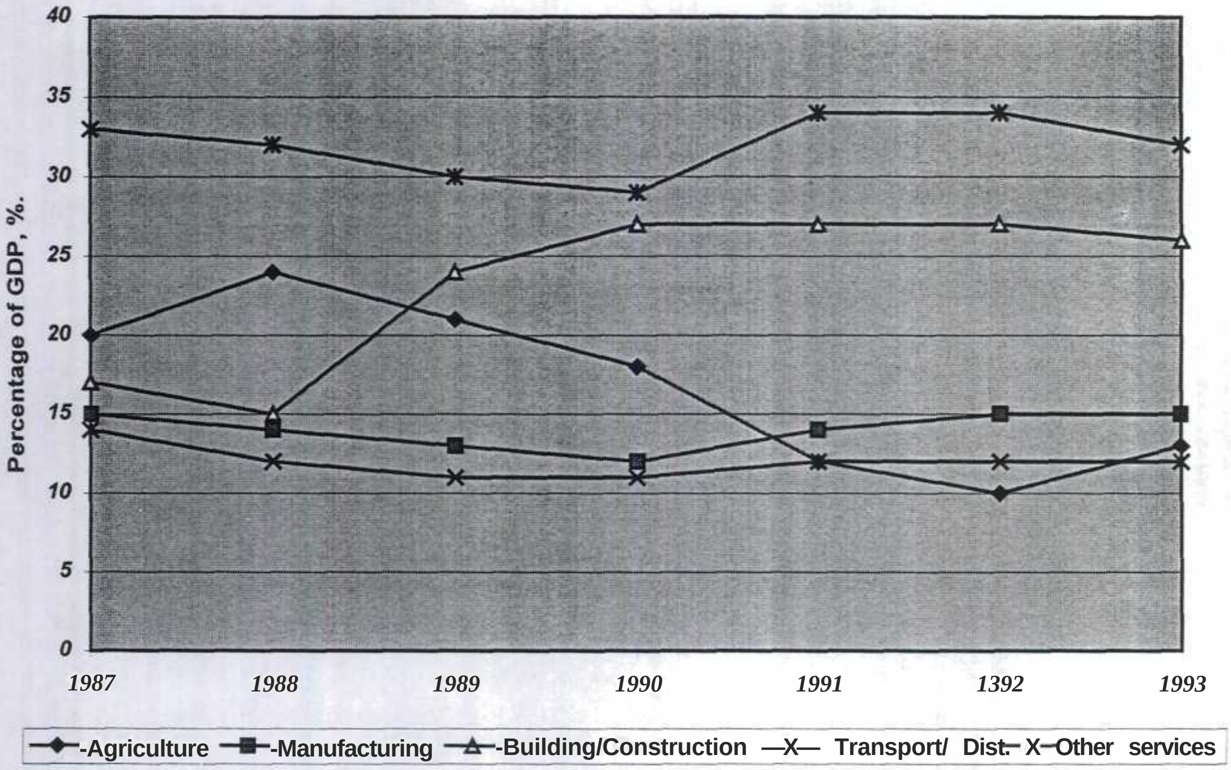
The Kingdom of Lesotho covers a total area of 30, 355 Sq. Km dominated by high altitude and bare rocks, deep river valleys and gorges and limited arable land area. The country as a whole has an altitude of over 1, 000 M and three quarters of it over 1, 800 M above sea level. Lesotho's arable land is presently estimated at 2, 732 Sq. Km or 9% of the land area, down from 13% (about 3, 946 Sq. Km) in the mid 1960s. The Kingdom has a total population estimated at 2.1 million (Project Appraisal Reportl997).

Once a granary for much of the Orange Free State and the Eastern Cape, Lesotho's agricultural produce has declined over time. At independence agriculture's share of national output had fallen to just one-third. Since then further declines in output were experienced. The following graph shows the proportion of GDP factor cost by sector; agriculture is shown to have dropped to fourth place, despite a slight recovery in 1993. During the 1980s the share of agriculture in the gross domestic product fluctuated between 20% and 26% and reached a

low of 13.9% by 1991. The decline is due to declining arable land resulting mainly from erosion and human settlements, inadequate livestock management and control mechanisms, and a series of years of drought.

PERCENT OF GPP AT FACTOR COST BY SECTOR.

(Source: BOS. Sept. 1994)

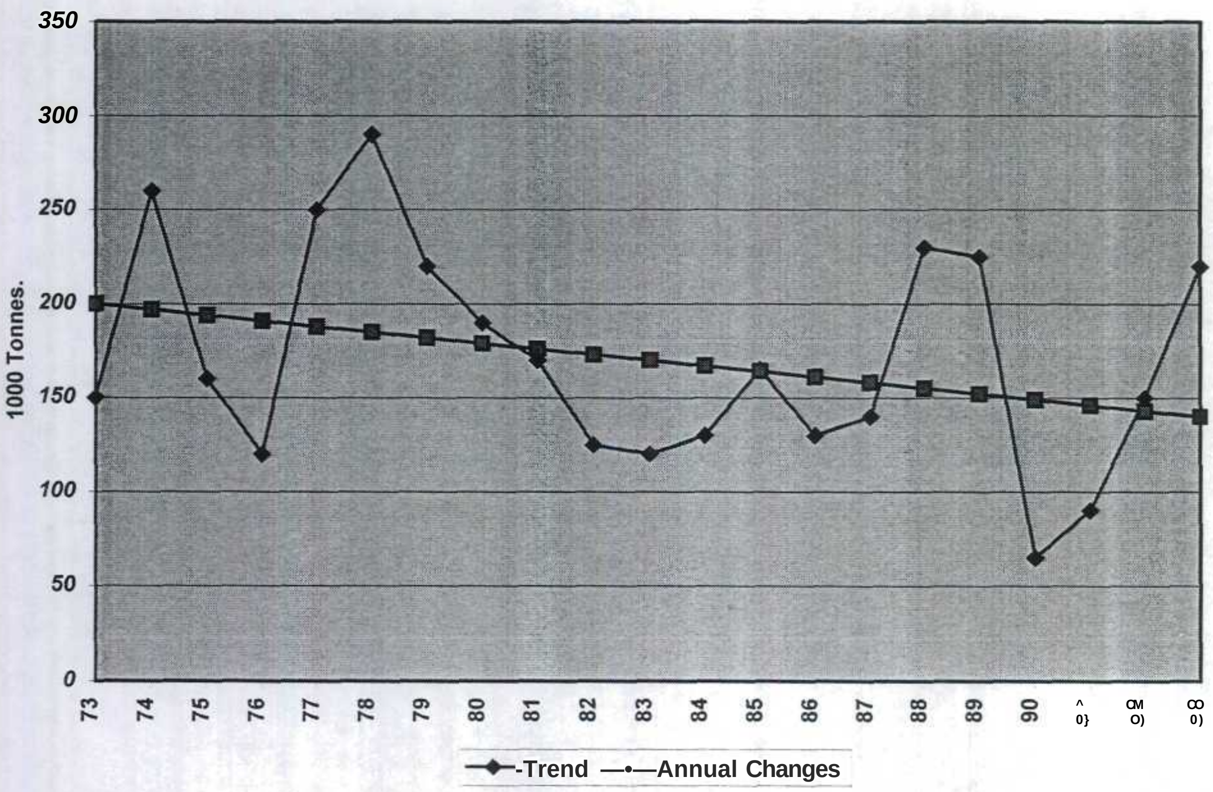


According to Sechaba Consultants (1995) few Basotho farmers produce more than a bare subsistence on which to live, if even that much. In the **Poverty Mapping Exercise of 1991** the number of families who could feed themselves, which was defined as 180 kg of cereal crops per year on the basis of Food and Agricultural Organization standards, was assessed. The surveys upon which this information was based were conducted between 1986 and 1990, none of them drought years. The situation has been much worse in the 1990s during the drought as reported in the **Poverty Mapping Exercise of 1994.**

According to the report in only 17 of the 60 census areas into which Lesotho is divided more than 25% of the households produces enough food on their fields to feed the household. Apart from that in 11 of the census areas less than 10% of the households produced enough to feed themselves. Clearly, to say that Lesotho is an agricultural society which can feed itself through its own dryland fanning of maize, sorghum, wheat, beans and peas is a myth of the past. The situation becomes far worse of course when drought strikes. The graph below of production shows a dramatic fall in the early 1990s as a result of drought. The crops harvested in 1990-91 were the worst in nearly twenty years, because of drought early in the farming season. The crops harvested in 1991-92 were little better; because of drought late in the season. In contrast, the second half of the 1980s had shown a strong recovery from the drought of the first half of that decade, with record maize harvests in 1987-88 and again in 1989-90. Production figures demonstrate however Lesotho's extreme vulnerability to climatic conditions. Production for 1992-93 and 1992-93 showed a steady increase, due primarily to good weather. The prospects for future are in the long term not good, even though, as the graph shows, there are years where production is very good. The population is predicted to grow to the number 2 370 000 by the year 2001, but the grain supply is thought will decline, if the trend from 1949-50 to 1992-93 is a guide.

PRODUCTION OF CEREAL CROPS IN TONNES.

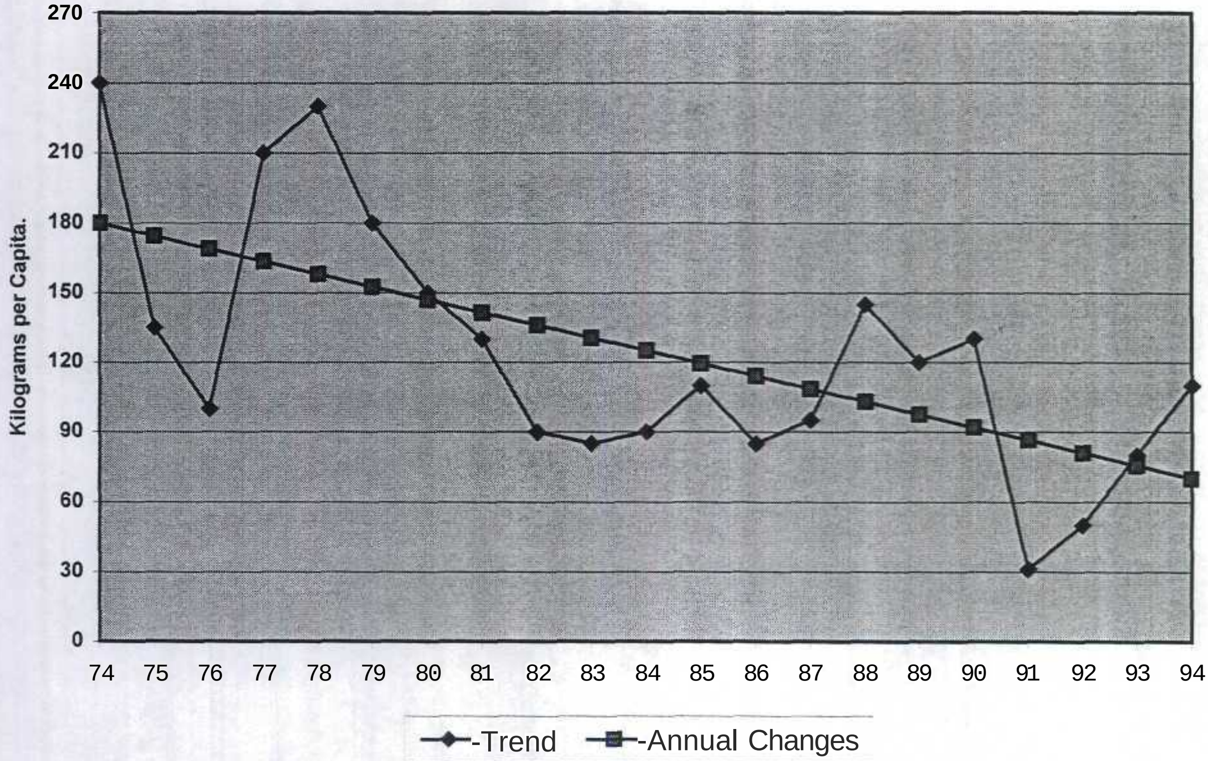
(Source: BOS/Sechaba Consultants. 1994)



The range over these years is from 312 000 tons in 1949-50 to 66 000 tons in 1990-91. The regression line of production versus year predicts that the production will be in the neighbourhood of 113 000 tons in 2001. The regression is significant at the 0.00r level, but there is a large variation in the actual production. As a result, the 95% confidence limits on this prediction are that the production will be between 59 000 and 167 000 tons in 2001 (Sechaba Consultants 1995).

PRODUCTION OF CEREAL CROPS KILOGRAMS PER CAPITA.

(Source: BOS, 1994.)



The picture is even grimmer when population growth is taken into consideration. The 113 000 tons which are predicted for 2001 would have fed more than half of the population inl973. In 2001 it will feed only slightly over a quarter of the population. The graph above shows the production of cereal crops in kilograms per capita. In view of these facts, according to Sechaba Consultants (1995), if Lesotho cannot produce anywhere near enough to feed herself from field crops in years with reasonable rainfall, it is a mistake to consider this to be primarily an agricultural country. They maintain that it is the rare household that produces enough field crops or vegetables or animal products for consumption and sale to sustain further investment in agriculture. Rather, the great majority of Lesotho's farmers must use outside income, such as migrant remittances or aid from donor funded projects, if they are to invest in further farming.

Allan Low (1986), in an extensively researched publication on the links between farming and wage employment, argues that, in the case of Lesotho: " the substantial rise in (migrant) wages in the mid 1970s resulted in a decline in the proportion of household income contributed by agriculture from 41% in 1967-69 to 18% in 1976." Despite the steady falling numbers of migrant workers in South Africa, high real wages relative to agriculture are still the prime reason why rural people tend not to invest heavily in farming.

2.1.1 Crop farming

Crop farming is clearly a high-risk proposition in Lesotho due to the extreme variability of the climate. The poor climate in Lesotho is a key factor in raising risks and reducing the returns from agriculture. Indeed, in this high risk climate it is often only slightly more profitable, and also often even less profitable, to invest in improved agricultural practices, than to persist in traditional low input, low risk crop farming (Sechaba Consultants 1995). Cole (1993) has compared gross margins per hectare for farmers using improved practices under prevailing management conditions with farmers using traditional low input packages. For example, maize was found to have a gross margin per hectare of M299 under improved practices and M72 under low inputs farming, where the gross margin means the difference between value of production and input costs. This study was conducted in an area where improved agricultural practices were introduced and supervised by the Matelile Rural Development Project, and thus the results could well be biased upwards.

In the 1993 poverty survey of 1719 households a slightly positive but statistically insignificant correlation between production per hectare and expense per hectare was found. The expected value of crop production per hectare for no input of money (labour and seed saved from the previous season being given a zero monetary value) was M365, while the expected value of production per hectare for an input of Ml000 per hectare was M402. It should be remembered that Cole survey in the Matelile area included much more accurate reporting of expense than the national survey. On the other hand, there is no reason why low reports of expenses should be different for cases of low and high production of crops, leading us to assert that monetary input into crop farming is a risky venture at best.

There were a few deviant cases in the data from the 1993 survey. If 17 out of 1267 cases where the marginal return per hectare was reported to be greater than M4000 are removed, then in fact the slope of the regression curve is negative. This implies that for the ordinary farmer who gets low production per hectare expenditure on farming can end up with net loss. As it is, this difference is statistically insignificant. To be statistically rigorous, we must conclude from the data that there is no measurable effect of spending money on improved agricultural practices, and that therefore the low-risk low-gain strategy so often discussed is quite sensible. The point bears repeating that, in any event, the returns from dryland crop fanning are far below those available from migrant work or from formal sector wage employment. While there are other factors, which lead to low production, this is the principal factor constraining farming (Cole 1993). Others include overworked soil, small field size and many households with no fields, shortage of able-bodied farm labour at critical times, low adoption of improved farming methods, shortage of tools and traction power, decline of traditional systems of coorperation and storage losses (Cole 1993; Sechaba Consultants 1995).

2.1.2 Animal Husbandry

The principal commercial returns to livestock in Lesotho are from sales of wool and mohair from sheep and goats. Exports of wool and mohair totalled 31.5 million maloti in 1990, 21% of total exports and by far the single biggest agricultural export. In 1986 wool and mohair exports were 35% total exports and the biggest single source of foreign earnings after migrant labour. Since then sales of wool and mohair have fallen behind the newly emergent textile sector. The growth of this important sub-sector has, however, been constrained by poor quality animals, lack of development in the marketing and processing of wool and mohair, and fluctuations in the international market for wool and mohair fibre (Sechaba Consultants 1995). C

The commercial meat industry is very small and sales and exports of domestically slaughtered animals are almost non-existent. Most domestic slaughtering is undertaken at household level for home consumption, feasts and other cultural events, although some sale does take place. Livestock ownership is, however, a major goal of Basotho men and is pursued with vigour with many migrant workers having invested in cattle purchases to build up their herd at home in Lesotho. Ferguson (1990) takes this further to point out that although male Basotho sell cattle, they do so out of despair in conditions of poverty. In general, they continue to resist using cattle as a means of cash accumulation. The ownership of cattle has a different, non-capitalist economic logic involved with community security and prestige, often much resented by the owners' wives, who see the retention of too many beasts, especially those in poor conditions, as a source of misery for their families. " Non-commercial attitudes towards stock-keeping and an anti-market ethic where livestock are concerned are important parts of the local economic system rooted in the network of local power relations generated in a labour reserve economy" (Ferguson 1990, pi97). The lure of the market changed this very little in Thaba-Tseka, his research field.

Intensive rearing of livestock is on a small scale, although significant numbers of farmers have undertaken dairy production in the Lowlands, prompted by extension programmes and the development of a milk processing plant. As yet few farmers are breeding high-quality sheep and goats, but most depend instead on natural increase with local stock. Most stock farmers have very few animals, and only a few have a flock size sufficiently large to justify the purchase of high-quality animals (Sechaba Consultants 1995).

Extensively grazed livestock are of low productivity when compared to livestock reared under commercial management conditions in South Africa. Basotho, however, have sound economic reasons for investment in low productivity livestock. Cole has analyzed previous work on livestock economics to give 1991-92 annual gross margins (value of production less the value of inputs but not family labour) and the returns on capital investment for extensively grazed livestock (Cole 1993). The following results were obtained based on a sample of farmers throughout Lesotho:

Animal	Gross Margin Maloti	Rate of Re turn On Capital
Extensively grazed Cattle	59.35	3.3
Extensively grazed Sheep	15.19	7.6
Extensively grazed Goats	4.13	(6.1)

These figures show the attractiveness of keeping extensively grazed livestock, when returns are compared to the very low rates of return for extensively grazed livestock when compared to commercial rates of return, such as the 7.5% paid on Lesotho savings deposits. Cole also calculated average yearly cash costs per animal in 1991-92, which were M52.72, M7J8 and M5.71 for cattle, sheep and goats respectively. Purchased additions to the herd are a high proportion of these costs, and herd maintenance costif are very low. Extensive livestock is shown to be a low-risk, low-return enterprise. Livestock rearing is pursued for its security of return coupled with the absence of alternatives for investment. It should be realised that extensively grazed livestock are kept not purely for cash or in-kind income, but also as an asset store and for social purposes. It can be seen from the above figures however that extensive livestock grazing makes economic sense ta the individual farmer as a low cost, low risk enterprise in an environment where agriculture gives much lower returns than wage employment. The cost to the wider community, however, from range degradation, environmental destruction and erosion is great (Sechaba Consultants 1995).

2.1.3 Rural Development Projects in Lesotho

According to the Second Five Year Development Plan (1975/76 - 1979/80) the policy agenda towards agriculture consisted of policies specifically targeted to attainment of food self-sufficiency in the basic staple foods (mainly maize, wheat, sorghum, beans and peas) and the promotion of high value horticultural crops and forestry development. Many of the rural development projects were at the time designed to contribute to the Government's self-sufficiency programme in food by improving the production of food crops and decreasing the country's reliance on imports. Ferguson (1990) points out that development assistance has been used for many things in Lesotho but a large amount of it has gone into projects, especially rural development projects. A 1979 official report (FAO 1977) listed around 200 rural development schemes in Lesotho nine of which were large, expensive area-based projects focusing on agricultural development. Yet, according to Ferguson (1990, p8) if all observers of Lesotho's 'development' agree on one thing, it is that " the history of development projects in Lesotho is one of almost unremitting failure to achieve their objectives" (Murray, 1981, pi9).

Some of the projects were integrated rural development projects and others were irrigation schemes. The cultivation of horticultural crops (fruits and vegetables) has also been a strong feature of post-independence Lesotho. Many donor-funded irrigation schemes were established. " Most projects have, however, ceased production or failed to achieve their full potential" (Sechaba Consultants 1995). Some of the reasons for failure of irrigation schemes were explored in a 1991 seminar (Lesotho Government Ministry of Agriculture 1991). An important question has to be considered. In the past many projects have insisted on individual farmers' fields being consolidated to form one continuous scheme, in order to achieve economies of scale. Fanners have often been coerced into joining the schemes, with little or no prior consultation. The result of coercion on these earlier schemes was that farmers did not work their full potential and, in some cases, vandalized schemes that they did not want in the first place. Khabele (1988) also raises the concern that farmers were not aware of their role in these projects because the government imposed these projects. He argues that some Basotho farmers do not like working on the land collectively and have a tendency of withdrawing their labour inputs in the scheme to be shouldered by other farmers.

The seminar report **Irrigation in Lesotho** discussed above includes a list of irrigation projects in the country. Those active in the 1980s and 1990s have a total area not exceeding 3 000 hectares. Roughly 85% of this area is included in the various Bauer schemes throughout the Western Lowlands. According to the seminar report (pi4) "All schemes encountered opposition of varying degrees, the main reason for this being the consolidation of farmers individual plots without prior consultation." Putting the schemes on a commercial basis has failed to overcome the problems, and none of the schemes, which were very expensive, costing M37 682 000 to establish at the eleven sites, are currently operational, despite the investment of millions of Maloti into equipment, labour and land.

A very disturbing statement is made by Ferguson (1990, p8) when he says'"Again and again development projects in Lesotho are launched and again and again they fail; but no matter how many times this happens there always seems to be someone ready to try again with yet another project." He observes that for "development" industry in Lesotho, "failure" appears to be the norm. He takes his point further to mention that rural development projects are to be found scattered liberally across the African continent and these projects seem on inspection to be planned, implemented, and justified in very nearly the same way as they are in Lesotho. These projects also seem to fail with almost the same astonishing regularity that they do in Lesotho. In fact, Williams (1981, ppl6-17) is quoted to have said, " rural development does not usually achieve its objectives;" By any criteria, successful projects have been the exception rather than the rule. • f

2.2 The Political Machinations of Foreign Aid

Governments have appealed in the past, and appeal today, to a variety of explanations to legitimate their granting or withholding of foreign aid to the developing world. National self-interest, commercial considerations, historical links, political goals and the straightforward desire simply to accelerate economic growth in less developed countries are all motives that have been acknowledged as directly affecting policies governing aid flows over the last four decades. **The Times,** which commented editorially in 1984 said: "Aid is a transfer of taxpayers' money from one government to another... such transfers are thus a wholly political matter at both ends of the spectrum" (The Times, 27Nov. 1984)

Over the past twenty years, various assessments have been made of the aid system's behaviour and performance (e.g. Cassen 1986; Mosley and Hudson 1995; World Bank 1998). While problems of data reliability, comparability, attribution of cause and the political-economy of institutional interest in positive interpretations abound (Carlsson, et al 1994), the overall picture of aid performance is highly uneven. It is particularly disappointing in the case of sub-Saharan Africa (World Bank 1989, 2000a).

Ryrie (1999) maintains that presently there is much more confusion about the basic purposes and aims of international aid than ever before in the past half century. He says that this is reflected in the fact that official aid is now under attack from an extraordinary number of directions. There are those who see aid simply as a diversion of resources from more pressing needs at home - the 'charity begins at home' school. On the other hand, a vocal lobby complains that aid budgets are too small and that the larger countries, in particular, are failing to meet UN targets for the percentage of GNP which should be devoted to aid.

Ryrie (1999) and Riddell (1987) are amongst the scholars who say that from the political right and some academic economists comes the argument that aid simply does not work - meaning that it does not increase economic growth. Some indeed argue that poor countries would be better off with no aid. On the other hand, many left-minded groups are vehemently opposed to the types of aid provided and the policies promoted by institutions such as the World Bank, precisely because they see mainstream economics as irrelevant to the problems of poor countries, and likely to result in the rich becoming richer and the poor poorer. Aid, on this view, should consist mainly of direct action to reduce poverty, by implication through redistribution rather than growth.

Again, there is a crescendo of attack on official aid programmes for supporting corrupt governments (and allowing aid itself to be used for corrupt purposes), governments which spend massive amounts on armaments and undemocratic governments which do not respect human rights. " Substantial western aid to countries run by civilian dictators — e.g., Mobutu in Zaire, Marcos in the Philippines - and brutal military rulers - Pinochet in Chile - was fine as long as they were 'ours'. This *realpolitik* abetted corruption and undermined a moral grounding that aid could have had in the beginning. Instead, it sent a clear message that northern foreign policy interests were at issue, not poverty or inequity as a moral imperative to act" (Fowler 2001, pi). This appears sometimes as a general condemnation of the developing world aid and sometimes as an argument for using aid to coerce recipient countries into more democratic behaviour. The tendency to think of 'development' as consisting of promoting the political and social beliefs of donors (including, amongst other things, equality for women) has increased greatly in recent years. In another part of the field, a battle goes on about the use of aid to support the commercial objectives of donor countries. Some see this as a diversion of aid from its proper purposes and others who would like to see more aid used to assist their own countries' export and investment interests (Ryrie 1999).

Ryrie (1999) maintains that the whole debate takes place against the background of a profound change in economic policies in much of the developing countries over the past ten years. Policies, which allow market forces to operate more freely and encourage the private sector to play a leading role in economic growth, are now widespread. The international aid movement has only begun to address the implications of these far-reaching changes and the issues that they raise for the priorities and methods of aid. He further explains that this immensely confused debate reflects a general disillusionment and cynicism about official aid. The confusion about objectives, and the consequent difficulty of assessing the performance, must be one underlying reason for disillusionment. Among the general public in First World countries, attitudes range from outright hostility on the part of voters as taxpayers, especially in the United States, to a passive indifference which simply accepts aid as part of the given order of things, an attitude which is more common in Europe. His submission is that neither attitude reflects any conviction that official aid achieves worthwhile results.

Ryrie (1999) also observes that it is paradoxical that the aid business thrives and grows in the First World. Ferguson (1990) also notices that Third World development has become a profession. He explains that a number of people engaged in development and aid is now very large and continues to grow - in government departments and the large number of international development agencies of all kinds, including many in the UN family; in the institutes and research organizations devoted to analyzing the problems of poor countries in extraordinary detail; and in colleges and universities where the popularity of 'Development Studies' seems still to be on the increase. I must point out that the volume of literature produced annually on the subject in its many aspects is far beyond the ability of any one individual to keep abreast. Therefore, our concern here is solely with official development assistance, or economic aid from donor governments and multilateral agencies, and not with military aid.

2.2.1 The Multilateral Development Banks as Sources of Official Development Assistance

Hook (1996, p20) posits that in many ways the institutional mechanisms for delivering economic assistance are more elaborate than ever in the late 1990s. The World Bank, the Organization for Economic Cooperation and Development (OECD) and Regional Development Banks (RDBs) announce hundreds of new commitments each year. This writer says that the number of aid donors and recipients has continued to increase steadily, with South Korea most recently "graduating" from aid recipient to donor, and the former Soviet block changing roles in the reverse direction. Official development assistance (ODA), the most common and the most concessional form of economic assistance, is transferred annually to more than 120 impoverished states and expected as de facto obligation from the world's affluent societies.

According to Culpeper (1996, p60) the World Bank, the world's first multilateral development bank (MDB), was founded, along with the International Monetary Fund (IMF), at Bretton Woods in 1944. He points out that over the following five decades, a whole family of MDBs was spawned, including, most recently, the North American Development Bank and the North Africa and Middle East Development Bank. He also explains that there is a large and growing number of MDBs, if one includes all the 'sub-regional' banks such as the Caribbean Development Bank and the Central American Bank for Economic Integration, along with a host of similar agencies in Africa and the Middle East. Excluding these, however, the core group of MDBs comprises five institutions: the World Bank; the Inter-American Development Bank (IDB), founded in 1959; the African Development Bank

(AfDB), founded in 1964; the Asian Development Bank (ADB), founded in 1966; and the European Bank for Reconstruction and Development (EBRD), founded in 1991.

The first point to note is that only the World Bank (along with the IMF) is formally part of the UN system as a specialized agency, although its governance has been entirely distinct and separate from the rest of the UN family. The Bretton Woods twins were established as the economic part of the post-war international order, parallel to the political organs of the United Nations. However, it is asserted that while the UN organs adhere to the principle of 'one country, one vote', the two Bretton Woods institutions were established on the model of corporate governance, with a weighted voting system favouring larger shareholders, that is, roughly 'one dollar, one vote.' This gives developed world countries (OECD), which are in a minority in the United Nations and home to only 15 per cent of humanity, a distinct majority in the Bretton Woods institutions (BWIs). The power and influence of the developed countries over the BWIs has profoundly affected more than the behaviour of these agencies. Developed Countries tend to view the BWIs as more effective, and are accordingly more inclined to give priority in allocating their financial and other resources to these agencies, rather than those of the United Nations (Culpeper 1996).

In contrast, the RDBs have no formal linkage to the United Nations - they are not even recognized as specialized agencies. In other words, they were envisaged not as agencies of a universal order, but as institutions with an implicit role in regional development. Membership in the RDBs comprised the regional-borrowing members, on the one hand, and the regional plus non-regional non-borrowing members, on the other. The latter category in all cases was dominated by the Western alliance (including Japan) (Culpeper 1996).

Culpeper (1996) also draws us to the fact that recently, however, (about mid-1980s), the RDBs have grown rapidly, due to large capital increases negotiated by the members. As a result, the lending capacity of each of the RDBs in its respective region began to close the gap with that of the World Bank in the same region. Indeed, the IDB's lending capacity equalled that of the World Bank in Latin America and the Caribbean by 1992 and is poised to overtake it in the wake of a large capital increase concluded in 1994. According to Culpeper (1996) the Asian Development Bank also completed negotiations for a large capital increase in 1994 and may be expected to rival the World Bank as a lender to Asian Countries in future years. Only the African Development Bank (AfDB) is likely to continue to lag behind the World Bank in lending to its region for some time.

Culpeper (1996) and Hook (1996) share the common ground in pointing out that although each of the RDBs has an active programme of research, it is not unfair to say that none commands the authority of the World Bank. Moreover, the major development issues of the day, even if they have a specific regional focus, tend to be researched by the World Bank rather than the corresponding RDB. Thus, it is clear that the policy agenda on development is shaped to a far greater extent by the World Bank than by the regional banks, individually or collectively.

Hook (1996) also makes us aware that though the wholesale shift to multilateral aid advocated by the United Nations and leaders of the least developed countries (LDCs) in the 1970s never occurred, multilateral institutions have become steadily more central to the ODA regime. It is widely agreed that multilateral aid often meets recipient needs more directly than resources transferred directly from donors, which commonly are more "political" and have more strings attached. Hook (1996) contends that maybe multilateral aid channels wash out these donor self-interests and serve recipient-oriented development goals.

He takes his discussion further to mention that the World Bank Group constitutes the core of the multilateral institutional sector of the aid regime. Technically, it consists of three separate organizations: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC). The IBRD is the World Bank's "hard-loan window" from which it transfers funds borrowed on international financial markets. Because the Bank has an excellent credit rating and low fees, the terms of IBRD lending are generally slightly better than average market rates. The Bank will generally only lend if no private-sector lender or investor is interested. The IDA raises funds through periodic replenishments from its richer members, then provides concessional loans with a modest service fee. Its loans meet the criteria of ODA. Only countries with a per capita income below a certain standard are eligible for IDA loans (Hook 1996).

Culpeper (1996, p60) maintains that the World Bank's model has proved durable and replicable. This is because the IBRD/IDA model was adopted by a series of regional development banks (RDBs), of which by far the most prominent are the Inter American Development Bank (IDB) and the Asian Development Bank (ADB). The African Development Bank and Fund, though comparatively small expanded its lending rapidly in the late .1980s and early 1990s. The African Development Bank also provides finance on concessional terms for projects and programmes that contribute to poverty reduction and broadly-based sustainable* development in Africa. It particularly makes loans through the fund- African Development Fund - on concessionary terms to low-income regional member countries that are not able to carry loans on market terms. The MDBs are similar in other ways, including the distribution of their loans among various sectors, and the kinds of projects and programmes they support. Hook (1996) mentions the fact that the World Bank and the regional bank frequently cooperate in delivering the same project, as co-financiers in a larger consortium. Finally, they all compete for the same pools of capital - whether from the national or international bond markets for their non-concessional lending, or from official development assistance (ODA) budgets for their concessional lending.

Hook (1996) argues that the existence of an international ODA regime implies the existence of some mechanism for the creation of norms and principles and for on going negotiation and Implementation. The development -aid regime, however, lacks a central treaty or organizational structure. The organization that was created with such a role most closely in mind and which has sought, with only limited success, to play such a role is the Development Assistance Committee (DAC) or the Organization for Economic Co-operation and Development (OECD). However, according to Hook, the DAC has been more successful in establishing target norms than in eliciting compliance with them. ,

It is at this juncture very crucial to mention that many scholars feel that a half century of aid programmes in least developed countries (LDCs) has not yielded any firm conclusions about the relationship between aid and development. Statistical studies have produced inconsistent and inconclusive findings. Even the DAC admitted in 1980 that "there can be no rigorous scientific proof that in the past the aggregate of everything officially designated as ODA has had an identifiable, assignable, positive and cost-effective impact on Third World development." The widely respected Cassen Report was more positive, but it too admitted that "inter-country statistic analyses do not show anything conclusive about the impact of aid on growth*' (Cassen and Associates 1986, p33), a general conclusion supported by several other analyses (Lele and Nabi 1991; Mosley 1987; Riddell 1987). Certainly, neither recipient need nor development performance seems to be a strong predictor of aid allocation. One observer concluded, "it is impossible to discern the slightest rhyme or reason to the way in which funds have been distributed among countries" (Uri 1976).

The conclusion that there is no empirically verifiable relationship between aid and development should hardly come as a surprise. Development outcomes are extremely variable and are conditioned by the complex interactions of a vast number of factors (Booth 1993). Yet despite these widely acknowledged ambiguities, the ODA regime has been more deeply implicated in some of the failures of development than suggested by much of the current literature, which stresses government policy failures. Development-aid lending has indeed been subject to fads of questionable value, to the narrow self-interests of both donors and recipients, and to the shifting systemic environment. But it is not primarily responsible for underdevelopment (Hook 19)

2.2.2 Multilateral Development Banks, Bilateralism and the rules of the game

As Hook (1996, p 27) posits it should be noted that a distinctive aid regime has developed since the 1960s whose members accept recognizable "rules of the game." This regime typically lies at the crossroads of donor and recipient interests and at the intersection of individual state interests and transnational concerns such as overpopulation and global warming.

We would expect aid-seeking governments first to approach those agencies offering grants and then reluctantly to move across the financial spectrum to agencies offering progressively harder terms, assuming a natural desire to avoid debt. However, as Hook (1996,p27) brings to our attention, regime norms clearly specify that the opposite is supposed to happen. No aid at all is supposed to be offered if private-sector financing is available and no softer form of aid is supposed to be made available if capital can be obtained on more commercial terms. Hence, in theory at least, the potential recipient is supposed to go first to the least competitive source of aid (and only after private financing has been found unavailable) and to approach sources with easier terms only as others express their lack of interest. Hook then says that the aid-seeking government is thus offered the form of aid that comes as close to the market terms as the profitability of the proposed use of aid and the creditworthiness of the recipient allow.

Thus the degree to which development assistance depart from market terms varies greatly. One may envisage a spectrum extending from rigid market terms to outright cash grants; all aid programmes can then be viewed at varying points along the spectrum. At what might be called "market edge' of the development aid regime are institutions such as the IFC - the arm of the World Bank that makes equity investments in, and loans to, private enterprises (Hook 1996). Even the IFCrwith its goal of promoting private sector development, is prohibited by its charter from "undertaking any financing for which in its opinion sufficient private capital could be obtained on reasonable terms" (IFC 1992, p3). To the companies in which it invests, the IFC's appeal lies in the concessionality of its terms, which are barely distinguishable from the markets than in the political protection it tends to bring as a member of a powerful World Bank group (Hook 1996).

The regime norm of institutionalized noncompetition is formally embodied in the legislative mandates of many agencies; they are prohibited from making loans if an agency offering harder terms is prepared to do so. It is also embodied in the practice of graduation from softer loans to harder loans, a step a recipient takes when it reaches a set level of per capita income or attains a certain level of access to commercial bank lending. It is argued that these norms limit the system wide cost of financing concessional transfers to LDCs and reinforce the role of market principles (Hook 1996).

Providers directly negotiate virtually all aid transfers (either singly or jointly) and individual recipients, despite a half-century of efforts by LDCs to establish a more automatic and collective format (Hook 1996). Hook further explains that whether multilateral or bilateral, aid has remained a matter of discretionary choice by donors, subject to requests by and negotiations with perspective recipients. Thus, the national interests of donors, extending far beyond the aid relationships, inevitably take centre stage, and the prospects for support to LDCs are limited to cases of perceived mutual interest. The scholar cited above argues that asymmetrical bilateralism of the aid process serves not only to solidify the advantages of the world's wealthiest states but also to isolate recipients from each other and to separate aid negotiations from other issues and from arenas in which recipients could express a collective voice.

Culpeper (1996) makes us aware that there have been debates over the rational of structural adjustment lending, as well as deepening concerns about the environmental impact of development projects and the sustainability of long-run economic growth, plus greater sensitivity to the gender dimension of development. He says that these all led to new demands being placed on the activities and performance of the multilateral development banks (along with those of the bilateral development agencies). The debate on the distributional impact of structural adjustment is said to have led to the reaffirmation of poverty alleviation as the raison detre' of all the MDBs. The debate has also led to an emphasis on human resource development, with a substantial shift in lending patterns toward the social sectors - health, education, population and nutrition. Finally, Culpeper tells us that issues of governance are now raised with borrowing countries, including questions, which were hardly ever entertained during the cold war, such as corruption, accountability and transparency of governments.

It is realised that such issues comprise much of the agenda for the reform of the MDBs since the 1990s. These new imperatives have greatly increased the complexity of the MDBs operations. Their erstwhile mission, to facilitate economic growth via projects with a high rate of economic return, was difficult enough to achieve. But now 'development' is seen to encompass multi-dimensional objectives, embracing social, cultural and even political domains (Culpeper 1996).

2.2.3 The Modalities And The Nature of Conditionalities

In order for a country to secure funds for a project part of the terms of agreement involve the issue of conditionality. This is the process of using needed aid to induce or compel recipient governments to change their policies (Ryrie 1999). Killick and associates (1998, p6) maintain that " in formal terms, conditionality of the type considered here refers to a mutual arrangement by which a government takes, or promises to take, certain policy actions, in support of which an international financial institution (IFI) or other agency provide specified amounts of financial assistance. However, the various policy requirements do not all have equal status."

According to the writers mentioned above, it is a modest exaggeration to say that in the 1970s the only considerable policy conditionality applied to developing country governments in search of assistance was that of the International Monetary Fund (IMF). The World Bank was yet to move far into 'policy-related' lending and the same was true of other donor agencies. Apart from that, the fund conditionally of that time was designedly of quite limited scope, confined to a few macroeconomic policy variables as the exchange rate and domestic credit. Since then, however, the position has been transformed.

Apart from the World Bank which has greatly expanded the move into what is called 'policy-based lending' which started in the~ 1980s, others have since jumped onto the policy bandwagon: regional development banks (usually reluctantly and under pressure from those who provide their capital) and bilateral donor agencies (Killick et al 1998). Ryrie (1999, 49) takes this further by pointing out that it is only the large international agencies such as the IMF and the World Bank that are able effectively to influence overall government policies. Bilateral donors are usually concerned mainly with the implementation of individual projects and are reluctant to complicate their wider relations with the recipient country by getting involved in their micro-economic policies, even if the amount of aid in question is enough to give them that kind of influence.

The most binding requirements are called preconditions or 'prior actions', as the IFIs prefer to call them. These are policy actions agreed in the course of a credit negotiation but which must be undertaken before the agency will present the credit agreement for the approval of its Board. Only a limited set of policy changes is amenable to this type of treatment. Prior actions must relate to actions over which those parts of government with which the IFI has been negotiating have direct control and which they can undertake quickly. Once an agreement is worked out and any preconditions have been implemented, the way is clear for the government of the day to draw upon the supporting line of credit. However, very exceptionally will the entire agreed amount become available 'upfront', upon signature of the agreement. Any leverage which the lender (or giver) may have over the recipient government's policies wanes rapidly once the money has changed hands. The IFIs therefore usually only release their credits in installments, or 'tranches.' The setting of the preconditions might be seen as the ultimate signal of distrust and absence of consensus, a device for maximizing financial leverage, which would be redundant, if there were a genuine meeting of minds (Killick et al 1998, p7).

After preconditions come certain trigger actions - what the IMF calls performance criteria and the Bank benchmark criteria or legal requirements. It is compliance with these, which triggers governments' continuing access to the next outstanding tranche of credit. IMF performance criteria typically include ceilings on the expansion of domestic credit, or on credit to the government, minimum levels of foreign exchange reserves and maxima on non-concessional foreign borrowings. Exceeding a ceiling or falling below a floor will normally result in the withholding of the next credit tranche until the government can come back into compliance or new targets can be agreed (Killicket al 1998).

Killick and associates (1998) refute the notion that programmes and conditionalities are consensual. In its relevant sense, according to the Oxford Dictionary, they argue, condition means " something demanded or required as a prerequisite to the granting or performance of something else; a stipulation." These writers say that this throws a quite different light on the matter, viewing conditionality as essentially coercive: the use of financial strength to promote donor objectives. A condition attached to a loan or grant sets out a requirement for action of some sort by the recipient government, without which assistance will not be granted or continued. The scholars cited above also argue that seen in this light, the technology of preconditions, tranching and trigger criteria is easy to understand. There is also no problem : in reconciling this view with low levels of government programme ownership. As it is, weak ownership becomes predictable because there is a presumption that the borrowing government would not voluntarily undertake the changes being stipulated, for otherwise writing them as conditions and probably counterproductive.

Ryrie (1999) puts forward the fact that policies or programmes imposed on reluctant governments by outsiders often fail to achieve their objectives - government which, in the current phrase, feel no "ownership" of reform programmes implement them without conviction and abandon them as soon as difficulties arise. Tony Killick (1993) who has spent much time studying this problem concludes that conditionality is not an effective means of improving economic conditions in recipient countries. This is because conditionality, being essentially coercive, undermines ownership. For instance, Killick maintains that three-quarters of World Bank adjustment loans in the years 1980-8 had disbursements delayed because conditions had not been complied with. This also involves conditionalities set for rural development projects - they can negatively be affected as a result of them at times. Much more is achieved when governments look for outside help to carry out reforms in which they believe.

Indeed, Gordenker (1976) observes that international institutions are intended to have relations that cause behavioural reactions in governments. It is just obvious, according to him, that the causal impetus may range in intensity from the mildest sort of implied suggestion through various kinds of rewards to direct, forceful coercion. Evidence of such influence may be found in the manner in which governments and their personnel react to recommendations and policies emanating from international institutions and to possibilities to achieving direct benefits in programmatic form. However, it is conceivable that some programmes offered or actually operated by international institutions cause governments to react by attempting to influence the nature of the programmes themselves. ;

A number of scholars contribute some reasons as to why the use of conditionality has not been effective. For instance, Shepherd (1998) points out that a study of the use of economic assessment procedures in the Word Bank and other agencies sheds light on the importance and effects of disbursement pressure within the organization. The World Bank commits itself to a view of borrowing requirements of developing countries, raises capital from members' subscriptions and in world markets, and then naturally has to demonstrate that its interpretation was broadly correct. " Given this way of planning, similar pressure to lend is also built up in most bilateral agencies when they receive their budget allocation as a fixed percentage of GNP. Both are further never penalized for unsound lending and bad project performance" Carlsson et al 1994, pi77). According to Shepherd (1998) the World Bank's own 1987 evaluation of rural development projects shares this criticism.

Agency staff are then judged by their effectiveness in getting projects through the organization's procedures, massaging them if necessary (Mosley et al 1991). Incentives are geared to organizational objectives. The result of this is that, even in the World Bank, the major proponent of rational economic analysis, the project appraisal is " continuously being manipulated, because it is subordinated to the individual interests of project officers (getting projects to the board) as well as the organization's own objectives - meeting the disbursement targets" (Carlsson et al 1994, pl71). Edwards (1999) argues that from this distorting origin, flowed a system and institutional imperative driven by equating achievement with (annual) disbursement, not development performance. It also fostered short-termism with aid as a tool for shaping and cementing bilateral relations (especially with ex-colonies) and the promotion of business back home in the name of maintaining domestic support - manifest in 'tied aid.'(It is estimated that tied aid causes a 15% increase in costs of goods and services above international market rates). Inter-donor competition in pursuit of national advantage also caused lack of co-ordination, consistency and continuity, exacerbated by continuous changes in development 'fashion' and inability to learn and truly reform.

Fowler (2001) and Ryrie (1999) observe that the influence which donors exert depends partly on the amounts of aid being provided in relation to the size of the country, and on how far the country needs those resources. Large countries where aid is small in relation to GNP are generally less susceptible to pressures from donors, especially if they have high savings rates and can generate substantial resources themselves, as the main recipients in Asia can. The amenability of a country to the Bank's conditions also depends on what other pressures the borrower is under. In fact, the degrees of accommodation donors adopt or pressure they apply are conditioned by the extent to which the recipient country is in or out of favour. Uganda, Ghana and the Democratic Republic of Congo are currently popular with donors. Kenya and Zimbabwe are not, leading to more stringent requirements and conditions more forcefully employed in unison (Fowler 2001, p2).

2.2.4 Issues Around Ownership

Killick et al (1998) submit that it has become common to attribute non-implementation of donor conditions, and disappointing outcomes, to weak government 'ownership' of the measures in question. These scholars say that this is reasonable. They posit that if a government is alienated from the policy changes it is asked to introduce it is understandable to expect that it will be less than punctilious in carrying out these stipulations, compared with measures largely designed by the government itself.

It is not within the scope of this paper to try to give a definition of 'ownership' as it involves a highly contentious debate, but what becomes clear in regard to the issue of ownership is that the weakness of ownership explanation as put forward by many scholars interested in this topic, is that it is ad hoc, not set within a theory of government. Killick (1998, p91) posits that the ownership explanation appears superficial.

They maintain that a major reason why the ownership variable has a strong explanatory appeal, is because underlying it is the more deeper matter of the extent of congruence between the interests of objectives of donors and recipients; where recipients can be thought of as referring narrowly to the central government (or just to key members of it) or in the ideal case, extended to include civil society. On this view, when ownership is at its strongest, this is because the government and wider public regard the reforms, and associated timetable of actions, as in their own interests. Ownership is at its weakest when donor objectives dominate and important programme measures are not viewed as in the public (or government's) interest; or (as is common) when the donors push for more rapid action than the government would choose. These scholars say that a government can be said to own a programme or a project when its objectives dominate and it chooses the means and speed of achieving those objectives (Brinkerhoff 1996; Killick 1995 b).

Killick (1995b, ppl 14-15) argues that conflicts of interest must be expected to be the general case, even with shared general attitudes between donors and recipients for a number of reasons:

(a) Donor agencies and recipient governments operate against the background of differing histories, traditions and institutional constraints. These differences will often result in contrasting perceptions of what changes are desirable and feasible, and of how best to achieve them. As it is one of the weaknesses of the conditionality of the IFIs, with its broad similarity across countries, is that it tends to be ahistorical, pulling against the path -dependent nature of reform processes at the national level.

(b) Relatedly, donors and governments are answerable to, and have to satisfy, radically contrasting constituencies, and their respective remits differ accordingly. Governments have to worry about their electorates, particularly about strategic groups of supporters and 'floaters', to remain within the policy parameters set by boards. The governments of the G7 industrial countries dominate these in turn, which means that IFIs managements and staffs are obliged to try keeping the representatives of these important countries 'on board'.

(c) Finally, there is resentment of foreign intervention and of the apparent erosion of national sovereignty that results from conditionality.

Fowler (2001) and Scott 1990) reveal that in response to experiencing the real rules, recipient regimes, bureaucracies and people - the South - often adopted forms of resistance common to the powerless. In the case of aid, typical are the following. First, unable to negotiate a truly common agenda, funds are misappropriated or diverted to what the recipient really finds important. To capitalise on the donor pressure to disburse, reverse leverage is gained by foot dragging, obstructiveness and delaying approvals. Where a politicians or a senior civil servants' presence is required at meeting to legitimise donor intentions, they demand per diems for simply doing their job. Playing-off donors in terms of attendance creates inflation in the amount to be paid. The ability of donors to agree on limits proves very difficult as one or the other breaks ranks in order to get 'their' project underway.-

Wallace (1997) raises another very important issue concerning ownership. She observes that where there is a joint venture between a donor agency and the government the practice does not clearly reflect the issue of who actually owns the project. Whose paradigm, whose voice should be heard above all others? Is it the person who pays, the one with the power, or are the people whose lives are being directly affected by work? She then points out that stakeholder analysis does not really address this fundamental question which is at the heart of many conflicts within NGOs and between donors and government agencies. What is not clear is whether the project belongs to the donor, to the staff, or to the people affected. It is not clear as to whose view of development should be paramount. In actual fact, "ownership matters because interests conflict" (Killick 1998, pvii).

2.3 Executives And Bureaucracies

Africa is in a development crisis. Its national economies have not grown, standards of living have fallen, agricultural production has not kept up with population growth, and hunger stalks the land. International donor officials and academics alike have been pessimistic recently about the ability of African civil servants to administer public development programmes and projects. In fact, as Mathur (1986) reveals, some people are now beginning to wonder whether official agencies and governmental functionaries are the most suitable instruments for carrying out development operations.

Many of the problems of Africa's management are related directly to the stage of its economic development. A recent systematic review of the World Bank's experience found that the most important determinant of the success of a project was not the country where it was implemented but the type of project undertaken. Industrial and telecommunications projects, for example, tended to do well everywhere. Agricultural, livestock, and rural development ventures had consistent problems, however, and represent a much higher proportion of African portfolios than they do for other regions, because of the continent's low level of economic development. Some " contextualists" imply that Africa's difficulties in the public sector are largely due to administrative behaviour. Instead, a large number of the problems can be traced back to policy decisions that have been taken by politicians. Yet it is important to note that some senior African public servants are effective programme managers, at least for some programmes. Therefore, we can posit that if a large number of projects fail to reach their aims, assuming they were clearly stated in the first place, there are others which succeed and those which even transcend their original purposes because of the development of institutional capacity through training and skill development (Uphoff 1992).

However, it still stands that a large number of problems can be traced back to policy decisions. While politicians are elected to represent the public interest, officials (civil servants) are appointed to implement policies on the basis of expertise. Providing complex services like roads, health or education requires both technical training and detailed 'time and place' knowledge relevant to the particular service delivery system. The dominant agency developed to perform this function is the state agency based on what Weber called 'monocratic' or top-down bureaucratic authority (Weber 1968, vol 2, chll). Because officials must be expert and permanent, they are not elected but selected on the basis of merit, and are guaranteed long-term security so they can acquire the detailed knowledge needed to manage a complex system. While politicians have to respect their expertise (since otherwise services fail), officials have to provide what the public wants, so they have to implement the decisions politicians (usually in the person of a minister) make. Hence, orders have to emanate from the centre, and the role of the official is not to make independent decisions about policy, but to implement it (Robinson et al 2000).

More recently this centralized bureaucratic system has been strongly criticized for its hierarchical tendencies, its rigidity, secrecy and its ability to hide errors and even encourage corruption. In fact, African elites involved in the system have the strong ties of social obligation to the countryside and to the patterns of patronage, nepotism and corruption that have resulted from them. Strongmen rule through neo-patrimonial governance that relies on the award of personal favours. Within the state, these favours typically take the form of public sector jobs; within society, the distribution of public resources through licenses, contracts and projects (Bratton and van de Walle (1997).

Public enterprises have been one of the public institutions operating within patronage-based political system. Since independence, state-owned enterprises and projects have become of major economic importance throughout sub-Saharan Africa. But everywhere their economic performance has among others, been adversely affected by economic and political factors, most notably patronage politics (Tangri 1999).

Investment decisions have been poor for various reasons. Sometimes feasibility studies have been inadequate or not carried out at all. As a result there are many projects which were not soundly conceived and which should never have been started. Or projects have been initiated without adequate provision being made for financing. Funding limitations have hindered the state concern's ability to implement the project efficiently. Or parastatal projects have been located in the wrong places and this has raised the costs of production. Many factories are located according to considerations of regional equity and balance. But such factors impose large economic hardships on projects. Financially, poor project planning has led to costly technical deficiencies being encountered (Killick 1978, pp228-34).

Tangri (1999) observes that deficient parastatal or project performance often derives from managerial shortcomings. Many management positions are in the hands of less-than qualified persons. It should also be pointed out that many project managers are normally appointed on secondment basis. They normally come from government ministries. Politically loyal officials have often filled top public-sector positions, especially in the important government economic ministries as well as key parastatals. The shortage of personnel, especially with accounting skills, has resulted in disarray in financial administration involving various economic costs. Moreover, because governments have readily offset parastatal deficits, the notion of financial constraints has hardly existed in parastatal operations. Many wasteful practices have occurred, including overspending and misuse of resources. Ake (1991) argues that political manipulation has further produced a highly corrupt state apparatus as senior state personnel have and their close associates engaged in much rent-seeking and private appropriation of state resources. In fact, economic resource allocation has served political and personal ends with less than salutary growth of Africa's economies.

In some cases aid has been directed not to areas of most need but of most political benefit. This is similar to the 'pork barrel' constituency politics found elsewhere, including the North, but without the democratic checks and balances that keep it within acceptable limits. Pressure to disburse persuade donors to play the game and not challenge this practice.

Consequently, a sort of implicit conspiracy arises that remains hidden from public view, weakening proper governance (Fowler 2001).

Another important revelation is that made_by Chambers (1997, p87) who argues that where donors are involved, figures may be selected, misreported or invented in order to gain advantage. With post-harvest losses of grain at the village level, there was: '

> Often the temptation to cite 'worst case' figures to dramatize the problem. In some cases there is the temptation to exaggerate the figures of loss particularly if there is a prospect that high figures of loss will prompt aid or grants from some donor (Bourne 1977, p15, cited in Greely, pi 1).

The power and patronage of money means that donors are often misled. Where control-oriented bureaucracy and corruption combine, misreporting can flourish in advanced forms: parallel accounts are kept; lies are routine. Subsidized inputs or assets play a part providing a surplus for endemic false reporting. Work is reported done which has not been done, and workers paid who have not been paid. Costs are inflated (Chambers 1997, p87).

In sum, pervasive political interventions - guided by the need to build a political following or by the desire for personal economic gain - have been significant in impairing operations of the public enterprises and projects. State-owned banks have often been a prime target of such pressures. Ministers, army officers and parliamentarians have been identified to descend upon the banks and take out huge loans, often with inadequate or non-existent collateral. Rural development projects have also been victim to these wasteful tendencies - prominent local leaders being offered credit by the project and never paying back. TJiese people saw the loans as rewards for bringing the government to power. Government-owned banks have been obliged to lend often considerable amounts to the politically prominent. Many of these loans have been irrecoverable, and such large 'nonperforming' assets have made public commercial banks insolvent.

2.4 <u>The Agricultural And Rural Development Projects in Developing Countries</u>

Aid -funded agricultural and rural development projects (RDPs) are of considerable interest to the broader aid debate both because they constitute a major feature of official programmes and because the available evidence reveals such a low degree of success (Lacroix 1985; Ruttan 1986). What is of particular interest here is not only the attacks made on RDPs by the virulent critics of development assistance but also the fact that over the past 10 years the failures of rural and agricultural development projects pinpointed in the evaluation reports have been increasingly acknowledged by the donors themselves. Where the more radical critics and the donors and their evaluators part company is not so much in the analysis of development assistance's particular and often dismal performance but in the different deductions and recommendations made as a consequence of this analysis.

The 1985 DAC Chairman's report acknowledges the importance of agriculturally oriented aid thus: " To-day all DAC Members, without exception consider that food and agriculture must have priority in their aid programmes" (1985, p213). This commitment was revealed in the aid funds allocated to agricultural development by bilateral and multilateral agencies, up from \$6.9 billion a year in 1975-6 to \$11.6 billion in 1982-3 (at 1982 prices and exchange rates), rising to 17 per cent of all DAC bilateral commitments and 24 per cent of all multilateral commitments by 1983 (Lacroix 1985, pi5). World Bank agricultural projects implemented and substantially completed in the period 1979-83 cost \$10.9 billion, with World Bank loans and IDA credits amounting to \$4.1 billion (World Bank, 1983, p44).

Two major and broadly based weaknesses have always characterized many donor-promoted RDPs; the failure to reach down to the poorest groups in rural areas and the frequent inability to achieve their specified objectives, particularly those directed at raising living standards. Reviews by a number of authors either sympathetic to or employed by the World Bank explicitly raise the poverty question. Its importance is emphasised by Lacroix who, in a Bank publication, maintains that it was the focus on poverty that led to the very concept of integrated rural development projects (IRDPs) (Lacroix 1985, pi). However, the importance of this poverty focus contrasts with difficulties in reaching the poor. For, example, Ayres (1983, pl03) states that for the vast majority of RDPs undertaken by the Bank the targeted beneficiaries excluded the landless, tenant farmers, sharecroppers and squatters. He cites the case of the massive Rio Grande do Norte project in Brazil, where the directly reachable target population consisted less than 20 per cent of the total project area population, adding that this is far from untypical of other Bank projects. The point is confirmed by Tendler in Bank staff Working Paper (1982b, p22). In a review of Bank projects in African countries Jones asks whether the post-1973 emphasis on poverty and equity has received explicit treatment in agricultural reports. She answers thus:

> Income distribution objectives don't appear to have been the over-riding objective, as many sector reports give priority to investments in high potential areas and recognise that the needs of 'progressive' farmers and estates should be catered to as well... While all the reports are careful to point out that smallholders are the primary beneficiaries of most of the proposed investment programmes, equity concerns appear to take second ^lace to a concern for rapid growth within the smallholder section. (Jones 1985, p94).

Perhaps most revealing, however, has been the discussion of poverty in the World Bank's ten-year review of project experience, which came out in 1985. In this review, the audit draws attention to the fact that agricultural projects are classified as 'poverty-oriented' and 'non-poverty -oriented', the term poverty-oriented referring not to projects where the overwhelming majority of the intended direct beneficiaries are members of specified target groups but only where these groups constitute 'at least half of all beneficiaries. While the review falls short of explicitly revealing either the proportion of total projects so classified as poverty-oriented or the relative share of total earmarked for poverty and non-poverty projects, some indication of a non-poverty bias is reflected in the fact that re-estimated economic rates of return were available for 56 per cent of non-poverty-oriented projects, with the remaining 44 per cent being projects termed by the Bank 'poverty-oriented' (World Bank 1985, p49). Beckman (1986) argues that in the 1980s the Bank's commitment to poverty-focused RDPs became considerably diluted.

The tendency to direct RDPs at the not -so - poor groups in rural areas is not confined to the World Bank. For example, an all-party parliamentary report on UK aid to African agriculture made much the same point, arguing that the most significant feature of British aid to African countries " is the continuing low allocation to subsistence farming. This means that little UK aid is directly supporting the majority of African farmers in drier regions who grow primarily food staples for domestic consumption. There is little support also to the large number of herders holding small numbers of livestock as a source of insurance against crop failure" (APPGOOD, 1985, p32).

Bilateral development aid efforts to promote rural development have not been very encouraging. For example, a review by an AID official concluded that at least a third of all AID agricultural projects have had no lasting impact and that "very few have operated after the end of donor support at more than 75 per cent of installed capacity (Billings, 1985, quoted in Johnston and Hoben, 1986). And in their book on rural development projects, Morss and Gow (1985, piv) observed that "almost all projects encountered problems at implementation."

EEC reports also highlighted the high failure rate of their multilateral projects. For example, the 1984 Court of Auditors report examined 12 agricultural projects in Mali, Mauritius and Senegal and concluded that not one was profitable, that none could survive without continued assistance, and that half could be only made viable if radical change was effected (Official Journal of the European Communities - C.348, 31 Dec. 1984).

Western models of development have been largely unsuccessful in less developed countries, particularly in rural areas (Kriesel 1981; Kotze 1997), and have created social problems (Yeh and Andrew 1976, pi59). They have resulted in a growing deterioration of the biophysical environment (Daughterty et al 1979, pi). " It was becoming clear that the position of the poor masses within these development frameworks was worsening" (Kotze 1997). Poverty and insecurity are still there in many poor countries, as well as some resource- rich ones, despite four or five decades of independent government and development policies and programmes (Shepherd 1998). Grillo (1997) takes this further by mentioning that in anthropologists' experience, many development projects of which they have knowledge and with which have direct contact (because they happened to be located in their area of field research, for example) appear misconceived and misdirected. In the developing world, says Hobart (1993, pi), things are getting worse, and development projects often contribute to deterioration and most development projects fall seriously short.

While the available evidence reveals widespread failure, it also indicates that the process of rural development is highly complex. This is widely acknowledged by donors; indeed the shift to IRDPs, with their multi-faceted components, was in part a recognition of the complexity of the rural development process. However, this complexity is married to still considerable ignorance of how best to promote rural development - what should be attempted, in what order of priority, and with what type of interventionist mechanisms. As neither aid donors nor the critics have been keen to expose their ignorance on these matters, the debate about the role of aid in promoting rural development has tended to become both confused and confusing (Riddell, 1987). -v. •

The core problem lies not so much in the failure of particular types of development assistance intervention but more fundamentally in the failure of all the different actors and observers - the official aid agencies, the recipient governments, the critics and the poor themselves - to pinpoint how precisely to promote rural development and to improve the economic well-being of the poor (Riddell, 1987).

In their eagerness to achieve quick and tangible results from their interventions, donors have projected an image suggesting that they know the answers and that these answers lie comfortably and consistently within the context of assistance they have to offer. At the same time and paradoxically, as Ruttan points out (1986, p56), donors have constantly changed details of their programme approaches (often in line with fads and fashions, and frequently proclaiming that single and specific constraints provide the fundamental barrier to development), while also failing to learn from past experience. However, many evaluation studies provide a vivid sense of the wide array of different constraints that will face all RDPs, even if they are trimmed of their more ambitious characteristics and become more limited in scope.

What is noticeable today is that professionals are now more ready to admit their ignorance (Kayizzi-Mugerwa 1998; Riddell 1987). As Eicher (1986, pp6-7) observes, "Donor agencies are frequently as misguided about the role of agriculture in development as their hosts... There are many assertions and beliefs and a sparse supply of facts." Given the complexity of the issues of agricultural development and the lack of knowledge concerning the distinctive and extremely heterogeneous characteristics of African agriculture, it is important to recognize that ignorance and uncertainty with respect to the design and implementation of agricultural strategies are unavoidable and serious handicaps. In fact, one of the most serious sources of failure and frustration in Africa has been misplaced confidence that donors had the answers (Chambers 1997).

In fact, one can lastly say that Chamber's observation does not seem to reject that of Keynes when he says:

> The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct

economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas (Keynes 1936 qtd in^ogge 2001).

CHAPTER 3

METHODOLOGICAL ISSUES

This chapter is divided into two sections, namely the discussion of methodologies and methods of research as well as the justification of the chosen methods.

3.1 Discussion of Methodologies And Methods of Reseach

Bailey (1982) maintains that the controversy over the differences between the physical sciences and the social sciences centres around methodology. By method it is simply meant the research technique or tool used to gather data. By 'methodology' we mean the philosophy of the research process. This includes the assumptions and values that serve as a rationale for the research and the standards or criteria the researcher uses for interpreting data and reaching conclusions. Bailey further explains that a researcher's methodology determines such factors as how he or she writes hypotheses and what level of evidence is necessary to make the decision whether or not to reject a hypothesis.

This scholar further pursues this issue by saying that a question of whether social science methodology will ever duplicate physical science methodology is a philosophical issue; therefore, it is not within the scope of this study to attempt to resolve it here. What is very important is that there is a wide range of alternative methodologies, or approaches and criteria for understanding social phenomena, in social science. These range from qualitative to quantitative. Some researchers will first choose a research problem and then decide that one methodological perspective is superior to others for studying it. Other researchers may be intellectually committed to a particular methodological perspective and will choose a research problem suited to that perspective.

Burns (2000) is of the opinion that despite the inestimable contributions brought forward through the employment of the scientific method in research, the approach also fostered naive faith in the substantiality and ultimacy of facts. He also informs us that while, traditionally, scientific beliefs may have continued unquestioned for a substantial period, the human element has become recognized increasingly as a critical and determining factor in the definition of truth and knowledge. Since human judgement is so profoundly a part of every human act, the supposed objectivity of science is, in fact, a delusion. He points out that even though there is evidence of researchers in the early part of the twentieth century using methods other than those from the dominant tradition, as in the use of ethnographic methods by Malinowski in the 1920s, it was the decade of the 1970s that saw an increasing advocacy for the acceptance of the naturalistic methods in educational as well as social research. According to Rist (1975, pi 8), the epistemological underpinnings of the qualitative motif hold that there exist definable and quantifiable 'social facts.' Actually,^his viewpoint stands in opposition to the qualitative position that reality cannot be subsumed within numerical classification. Qualitative research places stress on the validity of multiple meaning structures and holistic analysis, as opposed to the criteria of reliability and statistical compartmentalisation of quantitative research.

In the 1970s a situation of détente wherein scholars began to agree that both approaches are needed since no one methodology can answer all questions and provide insights on all issues emerged. As Burns (2000) puts it, there is more than one gate to the kingdom of knowledge. Each gate offers a different perspective, but no one perspective exhausts the realm of 'reality' — whatever that may be. Indeed, some scholars commend Cronbach's wise observation that "the time has come to exorcise the null hypothesis... there are more things in heaven and earth than are dreamt of in our hypotheses, and our observations should be open to them (Cronbach 1975, pl24).

Burns (2000) maintains that qualitative researchers often find themselves having to defend their methods because of the resistance presented by their counterparts who are ideologically committed to quantitative methods. The latter assume, out of context, that quantitative research, more rigorous than most qualitative methods, must therefore be the best method to use in all research situations. Quantitative evaluators expect the qualitative researcher to demonstrate the validity and reliability of claims, to demonstrate the generality of findings - in short, to meet the same judgmental principles as quantitative research. What is mostly not understood is that the approaches that one considers suitable for quantitative scientific work in social science and education are not those that are necessarily suitable for work that rests on different assumptions, that uses different methods, and that appeals to different forms of understanding.

Some scholars argue that the qualitative methodologist is out to capture what people say and do as a product of how they interpret the complexity of their world, to understand events from the viewpoints of the participants. It is the lifeworld of the participants that constitutes the investigative field. Truth within this context is bound to humanistic caprices. Thus, conventional attempts to emphasize the imperatives of science place unrealistic constraints on research. It has been emphasized that much of the rationale for qualitative approach rests-within the criterion of meaning. Eisner (1979, ppl4-15) describes this emerging form of research as being considerably relevant, since there can be "little meaning, impact or quality in an event isolated from the context in which it is found." The distinctive insights made possible through this form of research constitute one of the primary advantages of the approach. Burns (2000) observes that qualitative research has made educators and other social scientists realise that reality should never be taken for granted, given that attention must be paid to the multiple realities and socially constructed meanings that exist within every social context.

Eisner (1979) and Burns (2000) maintain that at the heart of the conflict between these two schools of thought is a fundamental disagreement about the simplification of reality that provides the stance of scientific method. They argue that it is precisely this fragmentation or compartmentalised style of evaluation which qualitatively-oriented researchers argue leads to distortions of reality and, as a consequence, necessitates a holistic or contextual model of research. Eisner (1979, pi2) takes this further by explaining that actually qualitative methods are concerned with processes rather than consequences, with one organic wholeness rather than independent variables, and that with meanings rather than behavioural statistics. Interest is directed towards context-bound conclusions, rather than towards scientific generalizations that may be of little use at the coal face.

3.2 Justification of The Chosen Methods

The approach which has been used to conduct this research work is mostly qualitative in nature. The promise of qualitative investigation can be seen in Barton and Lazarsfeld's (1969, pi66) statement that "like the nets of deep-sea explorers, qualitative studies may pull up unexpected and striking things for us to gaze on." Unlike many of the traditional, more narrow approaches to the examination of social experience, the qualitative mode of inquiry is characterized by methodological eclecticism, a hypothesis - free orientation and an implicit acceptance of the natural scheme of things. The proximity to the field often allows the evaluator to see (and document) the qualities of social or educational interaction often missed by the scientific, more positivist inquiries. Such propinquity can reveal subtleties and complexities that could go undetected through the use of more standardised measures.

As well as participant observation, unstructured and semi-structured interviews **are other** major tools in the qualitative researcher's pack. Accounts derived from interviews are studied for themes. This data is reported as narrative containing direct quotations from interview statements and field notes. This illustrative data provides a sense of reality, describing exactly what the informant feels, perceives and how they behave (Burns 2000).

Interviewing was used because interviews are an essential part of most types of social and development researches and I think it was warranted in this case too. Research interviews require a very systematic approach to data collection which allows one to maximise the chances of maintaining objectivity and achieving valid and reliable results. Interviews can be used at any stage in the research process. They can be used in the initial phases to identify areas for more detailed exploration. They can be used as part of the piloting and validation of other instruments. They can be used as the main vehicle of data collection. They can also be used once findings have been compiled to check whether one's interpretations of other data make sense of the sample which was involved. The interview is a virtually infinitely flexible tool for research (Breakwell et al 1995).

This researched used mainly a direct interview approach. In this approach semi-structured direct interviews were the norm. This approach is relevant because it enables the researcher to probe where responses are not clear. Semi-structured direct interviews give the interviewer an opportunity to control the interview, although they allow room for thorough responses from the interviewee. Since some issues to be researched may be sensitive, it is wise to talk to the interviewer directly. The direct interview is considered important because of the face-to-face interaction between the two parties. This kind of interaction builds a rapport and induces the interviewee to give complete information required. This aspect betters the quality of the given information (Bailey 1987; Leedy 1985).

In this method, rather than having a specific interview schedule, an interview guide may be developed for some parts of the study in which, without fixed wording or fixed ordering of questions, a direction is given to the interview so that the content focuses on the crucial issues of the study. This was crucial because it helped me to check the points which were not so clear in the documents by seeking clarifications on them from the informants.

Another major source of data that I used was the examination of the project documents - any written materials that contain information about the phenomena we wish to study. These documents vary greatly. Some are primary documents, or eyewitness accounts written by people who experienced the particular event or behaviour. Many nonpersonal documents are written continuously by business or organizations to keep a running record of events deemed important but that, because of complexity or quantity, cannot be trusted to memory. These include minutes of meetings, interoffice memos, financial records, memoirs, official publications, reports and files containing various other materials relevant to maintenance of the organization. These are intentionally or unintentionally, capable of transmitting a first-hand account of an event and are therefore considered as sources of primary data (Bailey 1982). One of the advantages of document studies is that they allow research on subjects to which the researcher does not have physical access, and thus cannot study by any other method. Thus because of these reasons I found myself having to examine the documents of the PIRDP.

CHAPTER 4

COLLECTION OF DATA

As explained in the introduction of this study the research project I am conducting is entitled **Understanding Project Closures: Objectives Assessments Vs. Differing Donor-Recipient Priorities.** The intention has been to create a research report that moves from the specifics of my case study, the Phuthiatsana Integrated Rural Development Project in Lesotho, to a more general discussion of the dynamics of donor-recipient interactions around project closure.

When the Minister of Finance, Manpower and Development announced in an interview, over the national broadcast, that the Phuthiatsana Integrated Rural Development Project (PIRDP) was being brought to an end because the ADB was not prepared to transfer the project funds to a commercial bank in preparation for the commencement of the second phase of the project I decided to investigate. It was because the report that had been given by the African Development Bank had regarded the PIRDP as a successful agricultural based rural development in the country (ADF-Report 1998, pi).

The Phuthiatsana Integrated Rural Development Project was a jointly funded project between the Lesotho government and the African Development Fund (ADF). So, in order to be able to carry out the investigations I formulated the hypotheses. As I was formulating the hypotheses I was bearing in mind that the intention was also to try to understand donor-recipient priorities. As a reminder, the following hypotheses were formulated:

- Lack of the project's autonomy from the government enabled the senior government officials to manipulate the chain of command by giving directives which diverted the project funds from the cause they were initially intended for.
- The conditionality problem contributed towards the closure of the PIRDP.
- The privatization of the public enterprises contributed towards the closure of the project.
- The unwillingness of the government to shoulder the responsibility of paying the recurrent costs was contributory to the termination of the project.

In order to engage in the investigation concerning the hypotheses outlined above I had to collect data through documentation as the main source. However, the key informants were interviewed where necessary to authenticate the findings from the documents. As part of the data it is important to give an outline of what I perceive to be the pertinent issues regarding the project from its inception up to the end of its first phase at the end of 1994.

4.1 The History of The Project

On the basis of the information from the documents and the key informants I suppose it is essential to have a brief outline of the origin of the PIRDP. The PIRDP was founded in 1982. It was situated in the Berea district in Lesotho, about 75 km east of Maseru. Berea is in the eastern side of Maseru, the capital city of Lesotho. The PIRDP came about as a result of the shortcomings of the Phuthiatsana Irrigation Project. The Phuthiatsana Irrigation Project was initially approved by the African Development Fund (ADF) in October 1974 for FUA 5.00 million (UA 4.6m). This Irrigation Project was to develop a dam for irrigated agriculture on an area of 2, 000 ha for the production of maize, peas, wheat, sunflower, soya beans and lucerne. At the time of the design of the dam, in 1977 three years after the Irrigation Project was approved, it was concluded that as conceived the project was economically unviable as the estimated economic rate of return was found to be 0.5% (Project Completion Report 1995).

The consulting firm however, recommended that a more detailed study should be commissioned by the Lesotho government to ascertain the most suitable agricultural enterprises, available marketing facilities, production and marketing economics as well as management systems in order to determine the economic viability of the project. In this respect, another consulting firm was commissioned by ADB in 1980 to undertake an agro-economic study with professional assistance from a firm of consultants. This consulting firm also confirmed that the project, as originally conceived, would be unviable. As a result, the government requested that the project should be terminated and the loan balance cancelled. Subsequently, the government requested ADF to assist in the formulation, preparation and implementation of a more viable project based on the technical and other agro-economic information available. The Phuthiatsana Integrated Rural Development Project was then proposed by the government for ADF funding (Project Completion Report 1995).

In March 1981, an identification/preparation mission was sent to Lesotho to attempt to prepare the project on the basis of the information available. The data made available to the mission by the consulting firm were inadequate for the full preparation of the proposed project. Thus the project preparation report was not written. A preparation/appraisal mission which followed in July 1981, did not prepare any preparation report but appraised the project on the basis of data and information available from various sources(Brief- PIRDP Phase 1).

The Phuthiatsana Integrated Rural Development Project was designed to achieve the following objectives:

- to contribute to the government's "Food self-sufficiency objectives";
- to increase Lesotho's export earnings;
- to improve the income and living standards of participating farmers; and
- to improve the social life of rural community of the Phuthiatsana River Valley (Project Completion Report 1995).

Main Components of the Project

The following were the main components of the project:

I. Irrigation and Drainage Works

II. Staff Houses, Building and Structures

III. Access/In-field Roads

IV. Health, Primary Schools and Water Supply

V. Vehicles, Farm Machinery/Implements

VI. Incremental Farm Input Credit and *i.'.*

VII. Technical Assistance (Project Completion Report 1995).

Financing Plan

The Brief (PIRDP-Phase 1, 1996) reflects that the project was jointly financed by ADF and the government of Lesotho. 100% of foreign exchange cost was financed by ADF and 40% of the local cost which together constituted 89% of the total cost. GOL was to finance the remaining 11% of the total cost only in local currency. The planned and actual financing by source are given below:

Table 1

Source of Finance

SOURCE	PLANNED UA 000	ACTUAL UA 000	%
ADF	7368.42	5961.52	81
GOL	888.82	906.76	102
TOTAL	8257.24	6868.28	83

The Brief points out that it can be seen from the above table that funding was made available for the execution of the project but the timeliness of providing such funds was always a problem, thereby, adversely affecting project implementation.

Implementation Schedule

The project experienced a slow start in its implementation due to the delays between appraisal (1981), loan agreement (1882), effectiveness (1983) and subsequent changes (1984) in the project scope/components. The Report says that since the main project buildings had been constructed under the Phuthiatsana Irrigation Project, most project activities were able to commence without further delay, beginning 1984, i.e. two years after the start up date planned at appraisal (1982) (Project Completion Report 1995)

At appraisal it was envisaged that the project was to be implemented over a period of 5 years. The first year was to be mainly a year of organization and preparatory work, such as preparation of preliminary designs and recruitments. The table below illustrates the actual schedule versus the planned one and thus allows for a comparison of respective dates and durations:

Table 2

Activity	Appraisal Planned Dates and Action by	Effective Dates
1. Detailed Irrigation and Drainage Design	1982 (PIRDP/Consultant)	1984-88
2. Recruitment of Production Manager and Civil/Irrigation Engineer	Jan-June 1982 (GOL/PIRDP)	1984-88
3. Recruitment of Financial Controller	Jan-June 1983 (GOL/PIRDP)	1984-88
4. Construct/improvement of Clinics/Hos-Pital	1982-83 (Min.of Health/ PIRDP/Contractor)	1988
5. Primary Schools Improvements	1982-83 (Min. of Education/ PIRDP/Contractor)	1985-86
6. Rural Potable Water Supply	1982-83 (Min. of Co-op and Rural Dev.)	1986-87
7. Feeder Roads Cons-Truction/improve-	1982-83 (PIRDP/Contractor)	1986-88

Ment		
8. Irrigation/Drainage Works	1982-83 (PIRDP)	1985-87
9. Construction of Project Buildings	1982-83 (PIRDP/Contractor)	1985-87
10. Procument of Project Vehicles/Farm Machinery and imp-Lements	1982-83 (PIRDP)	1985-86& 88
11. 1st Planting-Rainfed Crops (Smallholdings)	1983 (PIRDP/Farmers)	-
12. 1st Planting-Rainfed Asparagus (Group Farm)	1982-83 (PIRDP/Farmers)	-
13. 1st Planting-Irrigated Crops (Group Farm)	1984 (PIRDP/Farmers)	-
14. Operations and Main-Tenance	1983-86 (PIRDP/Farmers)	-

The table above shows that all activities have registered between 1 and 3 years delay in their start, as compared to the provisions of the AR. However, the objectives assigned for the different components were generally achieved and in some cases the achievements exceeded the targets within the originally fixed period of 5 years (Project Completion Report 1995). The Report further continues to show that some components experienced particular and unexpected implementation problems. The Irrigation component for example, encountered several difficulties. Apart from that, inspite of the fact that the project took 11 years to complete as against implementation period of 5 years envisaged at appraisal, there has been no cost overrun in the project in terms of UA (Completion Report 1995). The cost overrun at current prices during the 5 years 1989 to 1994 has been around 9% which is considered normal, although the poor estimate of the proposed expenditure is reflected in the components relating to irrigation as well as staff housing.

The Brief (PIRDP Phase 1, 1996) concludes by saying that the success of the project is considered modest hence the recommendation to Phase II. The Brief further says that the social aspects of the project (i,e roads, health, schools and water etc) have no doubt benefited the communities in terms of better access, provision of timely health services, better classroom facilities thus higher intake at primary schools, and reliable drinking water. On the other hand availability of credit and of mechanized services paid by farmers at 90% of commercial rates as well as agricultural inputs, has a bright future for sustainability even after the project has phased out. However, the conclusion of the Operations Evaluation Department 2000 (OPEV) shows that in terms of Implementation Performance (IP), ten projects (or 85.7% of completed projects) were rated either unsatisfactory (US) or highly unsatisfactory (HUS), whereas two projects (or 14.3%) were rated as satisfactory (S). Phuthiatsana Integrated Rural Development Project (PIRDP) was among those that were rated (HUS) in terms of (IP). On Development Objective (DO) criterion, it was rated unsatisfactory (US) which is contrary to the conclusion of the Project Completion Report (1995) and the Brief (PIRDP Phase 1, 1996).

The Project accounts as at 31st March 1996 stood as follows:

Current Account (Les. Bank)	R 2, 170, 530.90
Call Account (Les. Bank)	R 7, 494, 418.64
Call Account (Agric Bank)	R 620.418.92
Total:-	R10, 825.368.36

Financial and Economic Analysis

Financial Analysis

According to the Project Completion Report (1995) the operation of the project directly helped 4, 250 small-holder households which received credit for agricultural inputs and other activities such as poultry and dairy farming. Women's activities, which were included in the scope of the project in 1989, mainly were confined to manufacturing of clothing and providing tailoring and knitting services. The small-holder farmers who purchased good quality seed, fertilizers, pesticides and mechanised cultivation services provided by the project by paying cash were estimated to be twice the number of small-holders who got credit. These farmers are also considered as the beneficiaries of the project. Their financial position relating to the crop production was similar to that of those who received credit.

The Report continues to say that the intensity of input use on beneficiaries' farms for varied crop production was much higher than that of the non-beneficiaries of the project.

Specifically the fertilizer use by the project beneficiaries was nearly twice that of the non-beneficiaries. The costs relating to transport and cultivation through mechanisation, and intensity of labour use were also higher in respect of the project beneficiaries in relation to the non-beneficiaries. The costs relating to transport and cultivation through mechanisation , and the intensity of labour use were also higher in respect of the project beneficiaries in relatiorPto the non-beneficiaries. The additional expenditure including the imputed value of family labour in respect of maize and sorghum crop per ha in beneficiary farms was M336.5 and M214.8 respectively. For the beans and lucerne crops the respective costs were M375.8 andM738.8perha.

The additional benefits derived by the beneficiaries from the higher value of outputs as well as the by-products were considerably higher than the additional expenditure incurred. For the maize and the sorghum crops, the additional revenues were M589 and M712 respectively. Lucerne cultivation under irrigated conditions provided the highest additional return per ha estimated at Ml618. For the crop beans, the additional revenue was M640 per ha.

According to the Project Completion Report (1995) and the **BRIEF** (PIRDP-Phase 1, 1996) the additional gross margin, which included the imputed value of family labour, in respect of maize and sorghum was M348.5 and M603 respectively. For the lucerne and beans, the respective figures were Ml 199 and M424. Although lucerne provided the highest benefit per ha, the area coverage could not be increased due to non-availability of irrigation.

The comparative position regarding the rate of return on investment provides interesting contrast, according to the above-mentioned documents. Whereas the non-beneficiaries experienced negative net income from their crop cultivation, the rate of return on the investment of the beneficiaries was high: 14% for maize, 15% for sorghum, 11% for beans and as high as 50% for lucerne crop. The rate of return has been estimated for the seasonal crops like maize, sorghum and beans on a six-month basis while for the crop lucerne (which is usually a four-year crop) on annual basis.(see annex).

The poultry farmers with an average investment of about M7,250 raised a small unit of 100 - 150 layer birds and made a net profit of about M2000; a rate of return of about 28%. This is reflected in the higher recovery rate of loans given for poultry development (66%) as compared to the average recovery rate of 61% of the loans advanced by the project (Project Completion Report 1995).

Dairy activities, which, on an average, involved investment of about M8000 yielded a net profit of Ml800, a rate of return of 22.5 %. The rate would have increased had the farmers been in a position to produce lucerne on their farms and the milk market was competitive. The lowest return was observed in the case of the women's activities. The net profit, after deduction of all the expenses including the imputed value of own and family labour, was hardly M80; a rate of return of around 4%, on a loan of M557 and cost of materials and labour around M1450. But since the family labour accounted for nearly 80% of the total labour cost, the family income increased by about Ml200, which by any reckoning, is substantial as compared with the loan amount of M557 (Brief-PIRDP-Phasel,1996).

Financial Rate of Return

The above financial analysis indicates that the project has been able to comfortably achieve its targets in respect of crop production and accrual of financial benefits to the project beneficiaries. The financial rates of return on the investments made by the various activities taken up with project credit financing show that the rates are competitive with the market rate. For the project as a whole, the PCR estimated financial return is 12%.

Economic analysis

The impact of the project shows that at project completion the yield and output impact of production was high. The income impact of the various activities of the project shows that it is positive and significant although there is scope for further improvement. The employment generation impact of the activities also indicates that the direct and indirect employment generation impact is significant considering the low level of investment per unit of employment generated. The increased production of food grains has substituted the import and the additional employment opportunities created by the acceleration of economic activities has taken care of the migrant workers returning from the RSA mines on the termination of job contracts. The economy which is presently managing with a very aged labour force and many women is looking forward to utilization of an active labour force returning from RSA (Project Completion Report 1995).

In addition to the above the beneficiaries' welfare level has increased through better access to health and the drinking water facilities, better schooling facilities for the children and easier and faster access to market and information through improved road communication. There has been increased value realisation through reduced travel time and transportation costs. Normally the cost benefit analysis should take into account all these benefits. But the quantification of all these social benefits is not possible in the absence of adequate relevant data under Lesotho conditions. Therefore, attempts were made to estimate quantifiable benefits and relate them to the quantifiable costs to determine the economic rate of return (EIRR) (Project Completion Report 1995).

Economic Rate of Return

In the economic rate of return (EIRR) analysis, costs and benefits in respect of crop production and other activities were taken into consideration along with the related project investment. Expenditure on the social sectors, health, water supply and education which benefits wider section of the population and where the benefits are not easily quantifiable, are excluded from the analysis. Similarly, two roads constructed with project funds cater to the needs of a much wider area than that covered by the project and larger population than the project credit beneficiaries. The quantification of road project benefits usually follows a methodology of reduced cost of transport and value of the travel time saved for which data are not available in the project. In the absence of the relevant data it has been assumed that the benefits will get reflected in the production of crops due to timely procurement and use of farm inputs by the beneficiaries, and easy marketability and higher sales value realisation of the produce. It is, however, felt that 50% of the investment and operation cost of the road could be included under the project's estimates as there are other road users, by following the principle of joint cost allocation. The external economies of road use by the non-beneficiaries has been estimated at 50% of the total benefits accruing due to roads **(BRIEF-**PIRDP-Phase 1, 1996,p8; Project Completion Report 1995).

The inputs and outputs used in the project are valued at economic prices, net of tax and subsidies. Shadow price of labour was estimated at 75% of the market wages taking into consideration the lean period demand and supply of labour in the project area for incremental crop production. The estimates of the economic prices for the various inputs and outputs of the project under various possible assumptions are given in Annex 7.

The internal economic return (EIRR) estimated at project completion with an assumed project life of 25 years, is 11%. The appraisal estimate of EIRR was 16.4%. The lower realised rate of return is mainly due to lower levels of actual production than the estimated level at appraisal, and the delay in benefit accrual due to longer period of project implementation. The low level of investment in the initial years of the project led to sub-optimal investment resulting in low productivity and high cost per unit of output. However, the rate of return has to be judged in relation to the general downward trend in agricultural production in Lesotho and in the Berea District due to increase in the frequency of drought and reduction of soil moisture during critical growth period of crops in several years of project implementation (Project Completion Report 1995).

4.2 Why The Replication of The PIRDP Never Materialized

Having outlined what I perceive to be the pertinent points of the Project up to the end of its first phase which was at the end of 1994, my aim was now to find out why the replication of the project never materialized as had been envisaged. To achieve this purpose I draw from the documents available as well as the key informants where the need arises. The questions to be asked depended on the profession and the designation held. The questions were intended to seek clarification on issues which were not clear in the documents.

When the first phase of the PIRDP came to an end at the end of 1994 FAO Investment Centre mission was commissioned by the ADB to look into possibilities of a follow-up investment to PIRDP. The PIRDP Completion mission also visited the country at the end of 1994. Both missions recommended extension of the implementation period of PIRDP. The FAO mission also recommended that some of the services provided under PIRDP be extended to cover the whole of the Berea District. While this recommendation received a large measure of acceptance from both the ADB and the Lesotho government, a number of factors, including the depletion of the uncommitted balance of the PIRDP loan and the absence of ADF replenishment delayed the undertaking of this preparation earlier than 1996(Aide-Memoire: October 31-November 16, 1996).

Hence, the intention to continue with the PIRDP on a wider scale was conceived as the Director Economic Planning put it. The PIRDP was going to be continued under the banner of a new name - **Phuthiatsana/Berea District Rural Development Project** which sought to institute mechanisms, including policies, institutions and programmes aimed at extending agricultural and related services hitherto provided under the PIRDP, to the whole of the Berea District and to ensure the long-term sustainability of these services.

Hence, the intention to replicate PIRDP on a wider scale was conceived as the Director Economic Planning put it. The PIRDP was going to be replicated under the banner of a new name - Phuthiatsana/ Berea District Rural Development Project which sought to institute mechanisms, including policies, institutions and programmes aimed at extending agricultural and related services hitherto provided under PIRDP, to the whole of the Berea District and to ensure the long-term sustainability of these services.

As already mentioned, my intention was then to find out why the PIRDP was now being phased out instead of being extended. I believed that by interviewing the key informants I would have a glimpse into donor-recipient interactions. The first person to interview on 7 September 2001 was the **District Agricultural Officer (DAO)** in Berea District, who is in charge of the district agricultural office which is now occupying the buildings which once belonged to the Phuthiatsana Integrated Rural Development Project. The first question I asked him was whether he knew the reason why the Phuthiatsana Integrated Rural Development Project was phased out. The response I got from him was that "even though I was not here at the time, I was told that the major problem was the conditions set by the ADB mission team in regard to the second phase of the project. Actually, the project was supposed to be completed after 5 years, but it took eleven years - that is, it took 11 years to complete as against an implementation period of 5 years envisaged at appraisal."

Another problem which he raised was that the 'clients' were unreliable. When asked who he referred to when he said the 'clients', he said that he was referring to people who received services from the project on credit. "According to the records about R3 000 000 + is owed to the project." I then came to establish that most of the employees of the PIRDP, local prominent figures and some civil servants were among the 'clients' who did not service their debt. When I told him that the documents which I had accessed reported the project to have been a success, he became adamant that the figures or the information given in the reports was correct. Then he laughed and said, " I am telling you, the project has failed - most of the so-called 'farmers' have been unable to pay back what they owed." It was interesting to note that he had been among those that did not pay until he was transferred to take over as the DAO. He had not paid his debt for over a period of three years. He mentioned over 10 people some of whom were the traditional leaders and outstanding politicians in the district, but I cannot mention their names for security reasons.

When asked about how they were now helping the farmers he said that the system was that you pay cash for the inputs. His own words were "no inputs without cash." Then he said that they were drafting the guidelines for the farming and community support fund. He then said that the new government felt that the projects should not be imposed upon the people. Their policy was that they had to be initiated by the community. He explained that that was in line with the requirements of the Lesotho Fund for Community Development. Each District Development Committee was supposed to draft the acceptable guidelines. He was a member of that committee.

When he was asked about the problems he encountered in integrating the project staff into the Ministry of Agriculture, he said that merging never gave a problem because in his view some of the duties of the project had been a duplication of what the Ministry was doing. Other project workers were given retirement packages while some were transferred to other districts. ;

After talking to the **DAO** he recommended that I interview the **Former Project Manager** who fortunately would be coming to the District Agricultural Office to sort out some issues pertaining to transfer of his monthly pension grant to his home town. The **DAO** felt that, as he had not had enough information about the project activities, I needed to meet people who had been directly involved.

The arrangements were made for me to interview the former Project Manager on 10 September 2001. He was pleased to meet someone who showed interest in the affairs of the PIRDP. The first question was to find out from him why the project came to an end and yet according to the reports it seemed to have been a success. He said that the project is normally implemented in phases. The PIRDP was however, supposed to have been completed after five years. The loan agreement was reached in 1982 and yet most project activities were able to commence beginning 1984 - two years after the start up date planned at appraisal (1982). However, the project took eleven years to complete though in many respects it had been successful. He then pointed out that the ADF had agreed to continue with the project though the conditions were now going to be different from before. He then said " you must have seen the appraisal report of the proposed rural development project among the documents they showed you." I then asked whether he referred to the Berea Rural Development Project. He then explained that the PIRDP was going to be a component of the new project. I still had the Appraisal Report of May 1998 with me. It said that the Bank had approved five operations in the agricultural sector of which the PIRDP was the only rural development project (ADF Appraisal Report 1998, pi).

He then referred me to the initialed draft (23 October 1997) of the **Loan Agreement Between The Government of The Kingdom of Lesotho And The African Development Fund (Berea Rural Development Project).** Fortunately, I was already in possession of this document as I had looked into the project documents from 27 August to 7 September 2001. He then showed me Article IV the title of which was **Conditions Precedent to Entry into Force - Other Conditions and Undertakings.** The part he showed me said that prior to the entry into force of this Agreement, the Borrower (GOL) shall provide such evidence as is acceptable to Fund of the fulfillment of the following conditions. (There are many conditions but he pointed at (iii) which read as follows): The Borrower shall have:

(iii) signed a Management Agreement with Lesotho Bank pursuant to which Lesotho Bank shall manage the credit funds on behalf of the Government on terms and conditions acceptable to the Fund. The terms of the Management Agreement, including the on-lending rates to project beneficiaries, various expenses to be paid from the difference between the market interest rate paid by beneficiaries and interest on the deposited funds, including the proportion of the interest to be deposited in the Berea Farmers' Revolving Fund (BFRF) and the periodicity of such deposits shall be subject to prior approval of the Fund (Article IV, p5).

The former Project Manager then said to me " the terms given by the Lesotho Bank were not acceptable to the Lesotho Government and the African Development Fund. I do not have the documents relating to that but they should be available at the Headquarters of the Ministry of Agriculture." When asked if there were no other banks that they could have consulted he told me that it was only the Lesotho Bank Ltd which though privatized was willing to enter into agreement but on its terms. It was now a private commercial bank.

When I asked him whether it was not possible for the PIRDP to operate without the involvement of the ADF he said that it could be possible but there were some factors which would make it an expensive exercise.

I then had the opportunity to interview the **Senior Crop Production Officer** who had also been working with the project before she joined the Ministry of Agriculture again. Since she had been present for a greater part of time during which I was interviewing her former boss, there were some questions I felt it was not necessary to repeat. The first question posed to her was whether the project did not have the potential to continue operating without the involvement of the ADF. Her answer was that the PIRDP had the potential to operate successfully; the only problem was that " anomalies have occurred in this institution. There have been some irregularities in dealing with the project funds."

She then referred me to **Position Paper No. 1 of 1997.** The information I got was that the Project operated a special account and the status as at 28th February 1997 was as follows:

Current Account	- Lesotho Bank	M3, 178, 467.24
Call Account	- Lesotho Bank	9,614,854.39
Call Account	- AgricuBank	655.008.18
		13.448.329.81

At its meeting of the 17th March 1997 the Project Control Authority, realising that the final deadline for disbursement was 30th June 1997 and that the balance of the loan (ADF) was almost fully committed to the set deadline, resolved that the Ministry of Agriculture should advise Government as soon as possible by preparing a cabinet information paper and or memorandum.

The Position Paper mentioned that the Project budget for 1997/98 envisaged that ADF covered expenditure was re-imburseable but since the new Project Berea Rural Development had not come into force and the loan balance would be depleted, it would be necessary to finance ongoing Project activities from Government funds. It was therefore evident that the ADF covered Capital Estimates allocation would not hold as the new Berea R.D. Project would not have come into effect immediately after the 30/06/97. The Appraisal Mission for Berea R.D. Project was scheduled for end of April 1997 and according to the Project cycle it could only be hoped to have the new Project after one year which was April 1998 or at the earliest January 1998. It was estimated that funds in the current account would cover the re- *. imburseable amount equivalent to the UA 672, 003.85 which was the loan balance, available until 30/06/97.

The ongoing programmes to be financed during that period would cover crop development where recoveries were possible. These included the following:

- Purchase of crop inputs (seeds, fertilizers, pesticides etc.) for cash sales as well as loan packages to farmers.
- Procurement of spares, fuel and lubricants for tractors which would provide hire services on cash and credit (Running costs).
- Provide funds for minor overheads, maintenance and upkeep of office and staff houses.
- Other components including livestock could wait until the new Project came into effect.

According to the Position Paper I had been referred to, the capital budget as presented for approval by parliament was M5.5 million and assumed that M5 million under ADB was re-imburseable. In the light of the above the transitional period would need funding from Government sources. A Paper also showed a detailed breakdown of the intended expenditure in line with the ongoing programmes. The list of field crop seeds and crop chemicals was rather small due to carryover stocks in the PIRDP stores. The Position Paper further pointed out that the consumption of fertilizer through loans was expected t be high as farmers would try to make up for the previous year's poor season and this meant that the loan portfolio would grow substantially. The revenue collection from April 1996 to 31st March 1997 showed a bright future with more than Ml.5 million. It was therefore, recommended that provision be made to finance the ongoing activities until the new Project started. Since the Project would have a balance of about M10 million in its account about M3 million could be used to cover the transitional period. The Paper this officer referred me to also mentioned that the success of Berea R. D. Project was closely linked with the proper winding-up of the Phase 1 programmes.

The Legal Notice number 11 of 1977 establishing the Phuthiatsana Irrigation Project Fund Regulations allowed for use of funds to carry out the Project, but there was no specific clause which spelled out the use of funds in the accounts at the end of the Project. The decision to utilize these funds had to be communicated to ADB for their no-objection as the case might be. The officer then told me that the Government approved of this arrangement and the ADB had no objection. She appeared convinced that had this arrangement been adhered to the PIRDP could have had no problems of continuing even if the ADF could withdraw. The Project was economically viable and all they had to do was to make sure that the prominent figures who owed-the Project paid. She brought to my attention the fact that the money which was used belonged to the PIRDP.

As I talked to a number of officials who had worked for the PIRDP I began to gather what they thought contributed towards crippling the project so that they were then not in a position to recommend that they be given a chance to go it alone. They told me that after the above arrangement had been agreed upon, later in the year they were informed that R8, 000, 000 had been borrowed by a certain Division of the Ministry of Agriculture. This Division also borrowed a lot of fertilizers from the satellite stores of the PIRDP. I was able to get the figures of one store as the records for other stores were not available because their books had been taken for auditing. According to the records at the accounts office, at one of the stores the fertilizers that had been taken were worth about R101, 795. 00. I was also able to establish that the fertilizers taken from the satellite stores as well as from the store at the headquarters of the Project were never paid back. After a few weeks I tried to get the figures for the other stores but the clerks had been instructed not to give me those figures. However, it was common talk at the District Agricultural Office that the fertilizers had never been paid back. What also surfaced was that the fertilizers taken by the Division in question were then sold at the prices lower than those of the Project. As a result the Project did not sell much in terms of the seeds and fertilizers. Apart from that the said Division also bought fertilizers from the private stores in cash and then sold them at the lower prices than those of the Project. This is how the Project was crippled. r

I must at this point mention that when I left the University I had been given an introductory letter which outlined the requirements of my research project. I then went to the headquarters of the Ministry of Agriculture where I was introduced to the **Principal Secretary for the Ministry of Agriculture** who gave me a letter that would introduce me to the District Agricultural Office instructing the officer in charge to help me in all respects. The Principal Secretary referred me to the District Office because he was new in the position and had never been in the picture. However, he was instrumental in making sure that I got people who knew what had taken place with regard to the PIRDP. I was also given a letter to take to the Minister of Finance's Office. For strategic reasons I had formulated a set of semi-structured questions to present to the secretary of the Minister of Finance and Planning. The request was for the Minister to respond accordingly. On the day I went back to get the response I was told that the Minister had instructed the Director Economic Planning to help me with the information I needed as he was the right person to answer most of the questions pertaining to the PIRDP. He had also stipulated on the note that I was given that I could also see the new Government office -^Lesotho Fund for Community Development with regard to the vision of development for the Government.

On 3 October 2001 I was able to meet the **Director Economic Planning** and I must **submit** that he was very resourceful. He first of all wanted to find out why I had such an interest in the PIRDP. I explained that it was because the records had shown that project to be one of the successful projects in the country and to hear of it all of a sudden being terminated could urge anybody in this field (Development Studies) to find out why. The Director mentioned that from the beginning - that is when the ADB mission visited Lesotho in May 1997, there had been a few things which had not satisfied them (Minister of Finance and the senior officials of the Finance and Economic Planning). I then chipped in and told him that according to the Aide-Memoire for the ADB Appraisal Mission on the Berea Rural Development Project 05-23 May 1997, the mission expressed its appreciation for the assistance it received from the Ministry of Economic Planning which processed the Government clearance, the Ministry of Agriculture which coordinated the activities of the mission and the Management of the PIRDP which facilitated the mission's field work. He then said that even though he could not explain everything to me the procedure was not adhered to and in some cases the Ministry of Economic Planning had been bypassed. " This is a problem to encounter in a situation whereby many ministries or departments are involved."

The Director then acknowledged that the Phuthiatsana/Berea District Rural Development Project (Berea RDP) was indeed intended to be a replication of PIRDP on a wider scale. This was authenticated by the statement in the Aide-Memoire (October 31 - November 16, 1996) which explained that the proposed "(Berea RDP) which is a follow-up to the PIRDP seeks to institute mechanisms, including policies, institutions and programmes aimed at extending agricultural and related services hitherto provided under PIRDP, to the whole of the Berea District and to ensure the long-term sustainability of these services" (pi).

He then pointed out things which did not satisfy them. Among the conditions set by the ADB mission for the Berea Rural Development Project was the condition that an NGO be recruited to administer the project's credit programme, including the formation of beneficiary groups and strengthening existing ones, the training of district credit supervisory staff and beneficiaries on credit use, management and follow-up to ensure loan recovery. I then mentioned that I did not see anything wrong with that especially when the Project Completion Report (1995) states that the recovery position of the loans advanced to the beneficiaries has been poor although it is better than other rural credit schemes operating in the area. The Report has further stated that the project has not been able to establish an appropriate loan follow-up system and mechanism for loan recovery during the last 11 years which has resulted in low recovery. Then the Director defensively said that it did not warrant the fact that they were never asked to have an input with regard to what could be done to remedy the situation. He even mentioned that they were simply told that CARE had been chosen. When they asked as to why CARE and not any other NGO was chosen. They were told that CARE has a well documented experience in operating this type of programmes at the grassroots in Lesotho and else where. " We did not buy it and we had our own reservations about it."

Another requirement was that the GOL had to sign a Management Agreement with a commercial bank pursuant to which the bank would manage the credit funds on behalf of the Government on terms and conditions acceptable to the Fund. The terms of the Management Agreement, including the on-lending rates to project beneficiaries, various expenses to be paid from the difference between the market interest rate paid by beneficiaries and interest on the deposited funds, including the proportion of the interest to be deposited in the Berea Farmers' Revolving Fund (BFRF) and the periodicity of such deposits would be subject to prior approval of the Fund. The Director pointed out that no other bank was eager to get involved in the credit management except Lesotho Bank. This was supported by the paper he showed me entitled **Issues on Credit Management by Lesotho Bank (1999).** The last paragraph on page three of this paper read thus:

> We are, however, grateful that the banks have made it clear that they are not ready for development banking and that the Project as proposed does not fall within their framework. Article V conditions Precedent to First Disbursement Section 5.01, (iii) and (iv) are clear on what is required by the Agreement. In the light of the above after

communicating Lesotho Bank's response to ADB the loan maybe re-negotiated or cancelled depending on the response from the ADB.

Referring to the same paper quoted above he talked about the meeting they had had. The opening paragraph of this paper reads thus " an in-house meeting was held on 28th February 2000 in the office of the Principal Secretary Agriculture between the P.S., Director Economic Planning and the Project Manager (PIRDP) to discuss Lesotho Bank's proposal on Berea R.D. Project credit portfolio management." Then he explained that the Bank agreed to manage the credit funds under the project on the terms and conditions which appeared to be contrary to the agreement on some major issues. The original concept of reaching the targeted beneficiaries looked to be highly marginalised and the costs of accessing loans prohibitive.

The Director then handed over to me the paper which had the deliberations of their in-house meeting. In communicating Lesotho Bank's response to ADB the Ministry wished to make the following observations:

1) Application Process

- Under the bank analyses application in accordance with procedure, this needed to be spelled out.

2) CBL Call Account - This should be in the name of the Borrower (PCC).

3) A minimum of M10,000 on SHG Call Account (savings) was considered too high as this envisaged that only loans to the tune of M50,000 and M33,333 say M34,000 (in the case of 20% and 30% deposits) per group would be entertained.

There looked to be some contradiction regarding minimum loans of M10,000 and the SHG call account made up of deposits from the SHG which was 20% and 30% respectively (M2000 and M3000).

There was no grace period, considering that the loans were mainly of a seasonal nature, This was critical to the success and sustainability of a developmental programme of rural communities.

4) Interest Rates & Charges:

Lesotho Prime plus 5% which meant if prime was 18-20% + 5% = 25% plus negotiation fee payable up front 5% = 30%. Considering that the beneficiaries would have already paid 20% or 30% up front to their call account (savings). Interest would be charged daily and capitalised monthly which meant that the Bank would bear no risk as they would drawdown on the (GOL) (CBL) call after every 60 days.

5) Repayment Period:

Individual borrowers were left out. Focusing on short terms might inhibit the progress of the scheme as borrowers had different needs. Short term and medium term loan repayments might have different recoveries depending on the returns. The grace period needed to be addressed.

6) The Role oftheNGO and Conditions:

What portion of the interest earned by the Bank from the scheme would go towards payment of the NGO activities. Accreditation by the Bank needed to be clarified who actually employed the NGO.

7) Claiming from the guarantee (call account)

The loans were mostly seasonal, sixty-days (60) was considered too short period for agricultural lending.

The issue of debiting the SHG's call account and the remaining to (GOL) (CBL) call betrayed the concept of encouraging savings within the SHG's as this was drawn-down after sixty-days.

When I had gone through all the above points the Director then explained that the ADB was also not happy about some of the requirements tabled by the Lesotho Bank. The Director had these words to say, "In short I can say that Lesotho Bank made it clear that it was a commercial bank. All I can say is that we found ourselves having to cancel the loan. I am not ashamed to mention that I encouraged the Minister of Finance to drop this project." He further explained that they felt that it would be a burden to the people it was intended to help as well as the Government. I was also able to meet one person from the Lesotho Desk of the ADB who simply said that what the Director had told me was what had happened. The conditions set by the ADB for the Fund (ADF) led to the PIRDP ultimately being terminated.

" My last question to them (the Director had been joined by the man from the Lesotho Desk in-Abidjan) was whether the Government could not continue with the Project (PIRDP) without the ADF's help. The main problem was that this would clash with the neo-liberal policies the Government had adopted through the advice of the World Bank. It would mean the money for the salaries would be the sole responsibility of the Government. I then explained that surely the Project could pay its staff, it only needed to be boosted as it was riot prepared for the new situation. The Director only pointed out that the situation was more complex than I had anticipated.

It is, however, interesting to note that most of the Government officials I talked to blamed the World Bank and the DFID for the destructive conditions that led to the abandoning of the PIRDP. According to them the problem lies with the donor coordination in agriculture. During the last two years, the donor community (World Bank, FAO, IF AD, UNDP, EU, DFID, GTZ and ADB) and the GOL have been jointly involved in preparing an Agricultural Sector Investment Programme (ASIP) type framework for the development of the agricultural sector. As usual the adjustments relate to agrarian reforms, decentralisation of the Ministry of Agriculture, market liberalization, privatization of agricultural parastatals and private sector development. It has been agreed by the donors that during the so called capacity building phase, the financing of the development programmes by each donor should be in line with the sectors budgetary requirements and the reform measures so as to avoid duplication and contradictory approaches sometimes adopted by different donors. According to these officials it is clear that the ADB is now going to toe the line and be influenced by the bigger brothers (World Bank for instance). In the Appraisal Report for Berea Rural Development Project (1998, p6), the ADB mission said "'the Bank is fully committed to this approach and will be fully involved through its involvement in project as well as policy based sectoral adjustment lending."

On 16 October 2001 I attended a workshop in which the farmers who wanted to grow a cash crop called paprika had also attended. My main objective was to be able to meet the members of the committees of **Lebina, Majaheng and** Lekokoaneng farmers associations. The majority of the members of these farmers associations were served by PIRDP in terms of credit for farm inputs. The workshop had been attended by the President, the Secretary and the Treasurer of the farmers association. Therefore, I was able to meet nine representatives of the three farmers associations I have mentioned above. Lebina Farmers Association has

150 members, Majaheng Farmers Association has 65 members and Lekokoaneng Farmers Association has 324. The District Agricultural Officer had arranged for me to use the lunch hour to talk to the farmers representatives. I wanted to know whether they had been informed that the PIRDP was coming to an end and whether they were told why it was being terminated. It was clear that they had been told of the problem arising as a result of not being able to find the bank that could manage the credit scheme as the ADB mission demanded.

I later on put to them that one of the reasons why the Project was not going to continue was because their members owed the project a lot of money. They did not deny that some of their members might be owing some money to the Project. However, they felt that it was only a few of their members who owed the Project. They were aware that most of the prominent people in the district owed the Project a lot of money. They made sure that they urge their members to pay and when the harvest had been good most of their members paid. However, they pointed out that there had been occasions whereby the tractor drivers and some Project officials had been given the money by the farmers to go with it to the Project's Accounts Department. It had been found that some of the drivers had been cheating. The members were warned that they had to go to the Project headquarters in order to get the receipts.

I then inquired as to whether there were some new arrangements through which they could get the inputs on credit. They were very bitter that this facility had come to an end because it had enabled them to grow the crops they needed and later they would pay. The arrangement had benefited those who worked in the mines because their wives would arrange for credit and then pay when the husband's money arrived. When I asked if they had approached the DAO about this problem they said they did but the Project did not belong to them; it was the Government's baby and if they decided to drop it there was nothing they could do. But I pointed out that it had been made on their behalf. One ward-chief who was a member of one of the farmers associations said, "it was made for us, but not with us." He further mentioned that to them it made no difference that the new project had not taken off; they would suffer under the proposed approach to the second phase had it materialised because the tractors and other farm implements belonging to the PIRDP would be sold in order to give way to private operators. The arrangement was such that with the proposed project they would hire tractors from the individuals in the district.

I later on wanted to find out from them whether there had been some benefits that they acquired from the Project other than credit. The response had been that the extension officers had been very helpful in giving the skills the members needed for their farming. They also pointed out that the roads which were made through the help of the Project were very crucial as they were able to go to the fields even when it was raining. They were determined to grow cash generating crops through the advice of the extension workers.

As mentioned in the preceding pages the office of the Minister of Finance had also referred me to their new office called **Lesotho Fund for Community Development (LFCD).** The official in charge mentioned that they were already expecting me even though they did not know the date I would come. My main concern was now to find the direction about the Government's vision of development. This officer said that she believed the question posed was very broad; she would try to pinpoint the essentials only. Their office was established as a result of the fact that the Government attaches great importance to poverty reduction. The programme of poverty reduction is high on the country's development agenda.

She then said to me, "you must always listen to the Minister's speeches. They are part of the Government's policy on specific issues." Then I was referred to the speech of the Deputy Prime-Minister and Minister of Finance of 14 October 1999. She then said that in that speech was contained the Government's new vision about development. Among others the Deputy Prime-Minister (Minister of Finance) said that people must recall that the diverse and complex nature of poverty requires efforts by all the stakeholders such as Government, the private sector, the community, the NGOs and their (Government's) cooperating partners. Given the mammoth task of redressing the poverty situation in Lesotho, it was agreed that the focus should only be on five priority areas between 1997 and 2003. The five areas are:

- Good governance V
- Improvement of social services
- Improvement of employment and income opportunities
- Reformulation of the Lesotho Highlands Revenue Fund and - ;
- Environmental conservation.

The speech of the Deputy Prime-Minister further mentioned that the intention was to reinvigorate the current activities and programmes in a more systematic and focused manner in the five areas, alongside the other developmental efforts, which are being pursued. In designing the programme, the perception of poverty articulated by the Basotho people in various forums was taken on board.

She then said that by way of progress in the area of reformulating the Lesotho Highlands Revenue Fund so that it becomes a proper social fund, it was worth mentioning that the reformulation exercise has been completed. They now have a new Board, which came into being as a result of Legal Notice No. 16 of March 1999. An operations Manual has been developed and is being translated into Sesotho. It contains objectives, principles and operational procedures of the revised Fund, called the Lesotho Fund for Community Development. Some projects, which started during the old Fund, are being completed and are providing temporary employment to the communities.

This officer also pointed out that they were now more inclined towards demand-driven projects. That is the projects initiated by the community. She observed that most of the projects started in the reign of the previous regime had been imposed on people. I then stated my point that they should however, not be destroyed on the basis of the fact that they were formulated during the previous regime. If they worked successfully they should be supported. I then also mentioned that the DAO in T.Y. had also talked about projects initiated by the community. She said that the task the District Development Committees (DDCS) were engaged in - that of formulating guidelines for farming and community support fund was in line with the requirements of the LFCD.

CHAPTER 5

GENERAL COMMENTS AND SUMMARY OF THE FINDINGS

As mentioned elsewhere the intention of the study has been to examine the dynamics of donor-recipient interactions around project closure. The main idea of the study has been to reflect on the workings involved in the process leading towards the subtle intertwining of bureaucratic politics, economic interest and local institutions in development planning; all of which can influence the swing of the pendulum towards the success or the failure of a programme or project. The intention has also been to highlight the manifestations of power relations along the aid chain with a view showing that they can be for the good or bad or the development programme or project.

In order to get down to the crux of the matter about five hypotheses were formulated. Because of the nature of this research project investigations were mostly based on the project documents with the conviction that non-personal documents are written to keep a running record of events deemed important but that, because of complexity or quantity, cannot be trusted to memory. The key informants have mainly been used to authenticate or supplement the findings from the project's official documents.

As already pointed out the first hypothesis to be formulated was meant to find out whether lack of project's autonomy from the Government enabled the senior Government officials to manipulate the chain of command by giving directives which diverted the project funds from the cause they were initially intended for. The fact that project management was the responsibility of the Project Control Authority officially legalized through Legal Notice 16 of 1977 giving the Authority a status of semi-autonomy and yet the notice which is still in force is not implemented (Project Completion Report 1995), questions the very same semi-autonomy of the Project Control Authority. Could it have been within the jurisdiction of the Project Control Authority to challenge the directive which said they had to lend a certain Division R8 000 000? The answer is yes, if their terms of appointment stipulated that. However, the point is that in a situation like this, you do not bite the hand that feeds you. According to the legal and institutional framework, though the day to day administration was undertaken by the Project Manager he was still responsible to the Ministry of Agriculture through the Principal Secretary.

Apart from that, the fact that the officials who saw to the processing of the transaction wouldn't want the ADB and Fund to know of this transaction, shows that there was a confusion about the 'ownership' of the Project (PIRDP). As I said earlier on Fowler (2001) couldn't have put it better when he said that unable to negotiate a truly common agenda, funds are misappropriated or diverted to what the recipient really finds important. It is my submission that under the said conditions there is no way that we could expect the project senior management to be disobedient to their superiors. The country is regarded as a borrower and yet it cannot use the funds from the project without the consent of the donor. Therefore, they decided to do it without the consent of the donor.

It is not within the scope of this study to adjudicate as to whether the officials were justified or not. However, apart from Fowler's statement, the picture that emerges forces me to support Fox (1999, pi51) when he says " while donor-agency policy-makers may believe that they know the destination and impact of their funds, without independent confirmation they are essentially relying on information that comes from interested parties, such as borrowing-government agencies, and donor-agency staff associated with the same programmes." In actual fact, institutions based on civil society could contribute to increased effectiveness of investments by generating reliable analysis of the distribution and impact of aid flows. My contention is also that independent information and analysis is necessary but not sufficient; in order to have 'pro-accountability impact' this information must become public and reach key stakeholders- including both the ostensible beneficiaries and the donors. The suspicion that the anomalous procedure was used in order to lend R8, 000, 000 to a certain division underscores the importance of encouraging other channels for monitoring and evaluation, independent of the mainstream bureaucracy but with access to it.

The second hypothesis, as already mentioned was based on whether the conditionality problem contributed towards the termination of the PIRDP. In order to formulate this hypothesis I was influenced by the fact that there is a growing recognition within the international donor community that the multiple conditionalities imposed by the donors have been part of the problem which led to a failure of a number of projects or programmes (Kayizzi-Kugerwa 1998).

The point is that the conditions which were set by the donors could not be met. The previous arrangement with the PIRDP had been that the Accounts division apart from keeping the

-project accounts was responsible for extending credit for small-scale enterprises as well as procurement and sale of farm inputs at the three satellite stores for the project. The new conditions demanded that the commercial bank be identified to manage the credit funds on behalf of the Government on terms and conditions acceptable to the Fund. The conditions which were set by Lesotho Bank were not acceptable to the ADF and the Lesotho Government. The other commercial banks in the country were not ready for development banking and the new project as proposed did not fall within their framework.

Apart from that even the Central Bank of Lesotho did not have the capacity to manage the credit fund as envisaged by the ADB and the Fund in the new arrangement. Because no alternative was found, the project had to be terminated because the new conditions could not be met. The conditions which were set were meant to promote privatization. Indeed, as Fowler (2001) puts it, a common mechanism to transmit influence from higher to lower order institutions is known as 'conditionality.' Donor agencies prescribe to lower links by means of the conditions that must be fulfilled in order for funds to be approved and released. It may be insisted that the bulk of the commitments written into letters of intent or development policy are the outcome of often long periods of consultation and discussion (Killick et al 1998, p9). In actual fact, the setting of preconditions might rather be seen as the ultimate signal of distrust and absence of consensus, a device for maximizing financial leverage which would be redundant if there were a genuine meeting of minds. Evaluation of conditionality shows that it does not work well enough where the recipient regime does not want it to. In the case of the Lesotho Government, it was clear that they could not meet the demands of the new conditions and therefore, the donor could not compromise. As a result the project was abandoned. Therefore, the conditionality problem contributed towards the termination of the project.

What is a paradox to me is the statement made at an in-house meeting which was held on 28th February 2000 in the office of the Principal Secretary Agriculture (P.S), between P.S., Director Economic Planning and the Project Manager (PIRDP) to discuss Lesotho Bank's (commercial bank) proposal on Berea R.D. Project credit portfolio management. Part of the statement is as follows:

> We are, however, grateful that the banks have made it clear that they are not ready for development banking and that the Project as proposed does not fall within their framework... In the light of the above after communicating Lesotho Bank's response

to ADB the loan may be re-negotiated or cancelled depending on the response from the ADB (P3 of their Minutes).

One would have thought that these top Government officials would reflect desperation as no bank was in a position to help. But after questioning the response of Lesotho Bank on certain issues, they maintain they are grateful that the other banks have made it clear that they are not ready for development banking and that the Project as proposed does not fall within their framework.

The third hypothesis asserted that perhaps the failure of the farmers to honour their obligations to the credit facility offered by the project led to the closure of the project. Bernstein as quoted in Harris (1982) argues that the programmes of rural development lead to the squeeze of peasant household because of the market forces. Peasants may be forced to sell their produce at lower prices by the market forces while the prices of what peasants need may be higher. So I assumed that if many small farmers failed to make higher profits that would lead to their being unable to pay back what they owed to the project. I was also taking into account the unpredictable climatic conditions of our country characterized by long periods of drought.

The farmers' inability to pay their debt contributed towards the closure of the project. It is true that R3, 000, 000 is a lot of money. However, the project could have continued to phase II even with that amount being owed, had the conditions set for the new project been met. There had to be a bank which would manage the credit funds on behalf of the Government on terms and conditions acceptable to the Fund (ADF). According to the Project Completion Report (1995) the recovery position of the loans advanced to the beneficiaries had been very poor although it was better than other rural credit schemes operating in the area.

What bothers me is part of the Report which says that the Project has not been able to establish an appropriate loan follow-up system and mechanism for loan recovery during the last 11 years, which has resulted in low recovery. The Report does not say anything about the role the ADF played in order to rectify this situation which took place for 11 years and yet it points out that the importance of an effective loan recovery cannot be over emphasized. Is it because the Bank cannot carry any financial risk or liabilities for policy failure and yet it had been a supervisor and overseer all along? (Dogge 2001). Is it because it is never penalized for unsound lending and bad project performance? (Carlsson et al 1994)

The fourth hypothesis has been formulated in assumption that the privatization of the public enterprises contributed towards the closure of the Project. In this respect my submission has been that it did contribute towards the closure of the Project. OPEV (2000) boldly pointed out that a liquidator was appointed for one state-owned bank, following its closure and the privatization of another bank (Lesotho bank) is a first step toward improving the efficiency of the financial sector. My argument has been that because it had privatized all its banks the Government found itself in a position in which it could not accommodate the demands of the conditions set by the ADB especially when there were no other commercial banks willing to participate except Lesotho Bank which came up with unfavoured offers.

It is interesting, however, to note that at the beginning of the proposal to continue with the PIRDP under the new scheme, the ADB had agreed to work with a Government Bank. Later on it came up with a different opinion that a bank had to be a private commercial bank.

The last hypothesis as explained elsewhere had been based on assumption that perhaps the PIRDP was closing down because the Government was not willing to pay the recurrent costs. However, as evidenced by the given documents the Lesotho Government had all along been fulfilling its requirements even though sometimes it might have delayed. The evidence shows that this did not lead to the closure of the Project.

At this juncture, I must point out that in this study there cropped up certain issues which were an eye-opener to me. Culpeper (1996) maintains that all Multilateral Development Banks have accordingly embraced country assistance strategies to define better-quality lending programmes as well as to evaluate the results of those programmes. Under such strategies, a unitary framework is being put in place, within which each country's objective circumstances, its development plans and aspirations, its policies, the assistance programmes and projects of various external agencies, and the development outcomes (growth, poverty levels, investment, social indicators) over time can be assessed in a holistic manner.

As under such strategies a unitary framework is being put in place, during the last 3 years, the Government and the donor community (World Bank, FAO, IF AD, UNDP, EU, DFID, GTZ and ADB) have been jointly involved in preparing an Agricultural Sector Investment Programme (ASIP) type framework for the development of the agricultural sector. As usual, policy prescriptions have been given before a full fledged ASIP type programme could be implemented and these are neo-liberal prescriptions. The adjustments relate to agrarian reforms, decentralization of the Ministry of Agriculture, market liberalization, privatization of agricultural parastatals and private sector development, (emulation of Chilean privatization strategy). It has also been agreed (by donors) that during the capacity building phase, the financing of the development programmes by each donor should be in line with the sectors budgetary requirements and the reform measures so as to avoid duplication and contradictory approaches sometimes adopted by different donors. It was pointed out that the ADB was fully committed to this approach and would be fully involved through its involvement in the proposed project (ADB Appraisal Report 1998).

Some donors, specifically the DFID and the World Bank, had reservations about the Phuthiatsana/Berea Rural Development Project proposal. The issues which did not satisfy these donors were discussed with the donor community during the ASIP appraisal in April 1998. The result of the discussion was that the level of investment proposed was now UA5.0 million, substantially lower than what was proposed earlier. The provision for farm mechanization services was dropped in the revised proposal. The demand for credit was re-estimated and credit was now linked to mechanism for mobilization of rural savings. The credit funds would have to be deposited with a local commercial bank (which unfortunately could not be found). African Development Bank Group - Operations Evaluation Department (2000) says " the ADB has coordinated well with other donors, in particular, with the World Bank, presumably because as a small player in aid delivery, it had to coordinate well with a bigger provider of aid to Lesotho." So, the Project was cancelled because the Government could not find a private commercial bank to manage the funds, while the ADB insisted on addressing concerns over Project consistency with the ASIP framework, among the requirements of which there had to be a private commercial bank.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

On the basis of my findings there is no doubt that neo liberalism influences strategic thinking on development within Lesotho. Because Lesotho is intensively tied to aid it cannot escape the clutches of the World Bank unless a re-thinking of aid system that can unwind it can be found. Lesotho is one of the countries with a high level of dependence on World Bank resources. The World Bank exercises power through its command of research agendas and results (Sogge 2001, p7). In Lesotho the World Bank was involved in the 'authoritative' and strategic study on the economic and social development - **The Strategic Economic Options for Lesotho.** This study, which benefited from the analytical, technical and financial support of the World Bank and the Swedish International Development Agency (SIDA), laid the basis for a post-apartheid development strategy. It is said to have proved useful in the formulation of the World Bank's assistance strategy for Lesotho and in the formulation of the country's own development agenda (OPEV 2000, p12). In the absence of ADBs involvement in this (influential) study, the ADB found itself increasingly tied to the policy framework and long-term development agenda as set up by the World Bank (OPEV 2000).

It is clear that this study by the World Bank has a great impact in the activities of the donor community in the country. For example, to say that the financing of the development programmes by each donor should be in line with the sectors budgetary requirements and the reform measures so as to avoid duplication and contradictory approaches sometimes adopted by different donors is simply binding all the programmes and projects in the country to neo-liberalism, the major component of which is privatization. Even when it tried to replicate a project which it felt had been successful in many respects ADB had to ask a go-ahead from the World Bank which influenced the change of most of the provisions of the project to conform with the principles of neo-liberalism.

I am convinced as many other scholars in the country do that some mechanism could have been sought of managing the credit scheme without trying to find only a commercial bank to do so. The very same Government which embraced privatization found itself having to cancel a project because it failed to satisfy the conditions set by the ADB. The problems which had faced the credit procedure under the PIRDP were well known and they could have been thoroughly studied in order to rectify and improve them. In my opinion privatization is not the only solution to such a problem.

Indeed, as Sogge (2001) observes the World Bank deals only in the 'best' ideas. In 1996 its President reported:

> We are a global clearinghouse that identifies and seeks out the best ideas, develops their practical applications, and get them to end users in time to apply them to the real problems people face (Wolfensohn 2000).

In this arrangement a problem of conditionality is quite distinct. While talking of demand-driven aid and recipient partnership and ownership, the donors unilaterally determine methods of development. Stoke (1995) says 'conditionality' is a common mechanism to transmit influence from higher to lower order institutions. Donor agencies prescribe to lower links by means of the conditions that must be fulfilled in order for funds to be approved and released. In our case the project can only be funded when it conforms with the requirements of the World Bank's assistance strategy for Lesotho, the package of which entails prescriptions for neo-liberal policies. The ADB openly says presumably because as a small player in aid delivery, it had to coordinate well with a bigger provider of aid to Lesotho (OPEV 2000). Then this leads to the ADB changing approach towards certain provisions previously proposed in the project because now the World Bank had reservations about the way they were to be approached.

Once again the World Bank's neo-liberal prescriptions are regarded as panacea and serve mainly as instruments for programming donors interventions in Lesotho. My main concern in this regard is with the World Bank's unchecked power to impose its versions of truth. In this regard debates for alternatives cannot be fruitful and as Sogge (2001) posits this is dangerous because some of the World Bank's earlier 'best' ideas have turned out to be socially and economically damaging as the World Bank itself now tacitly admits.

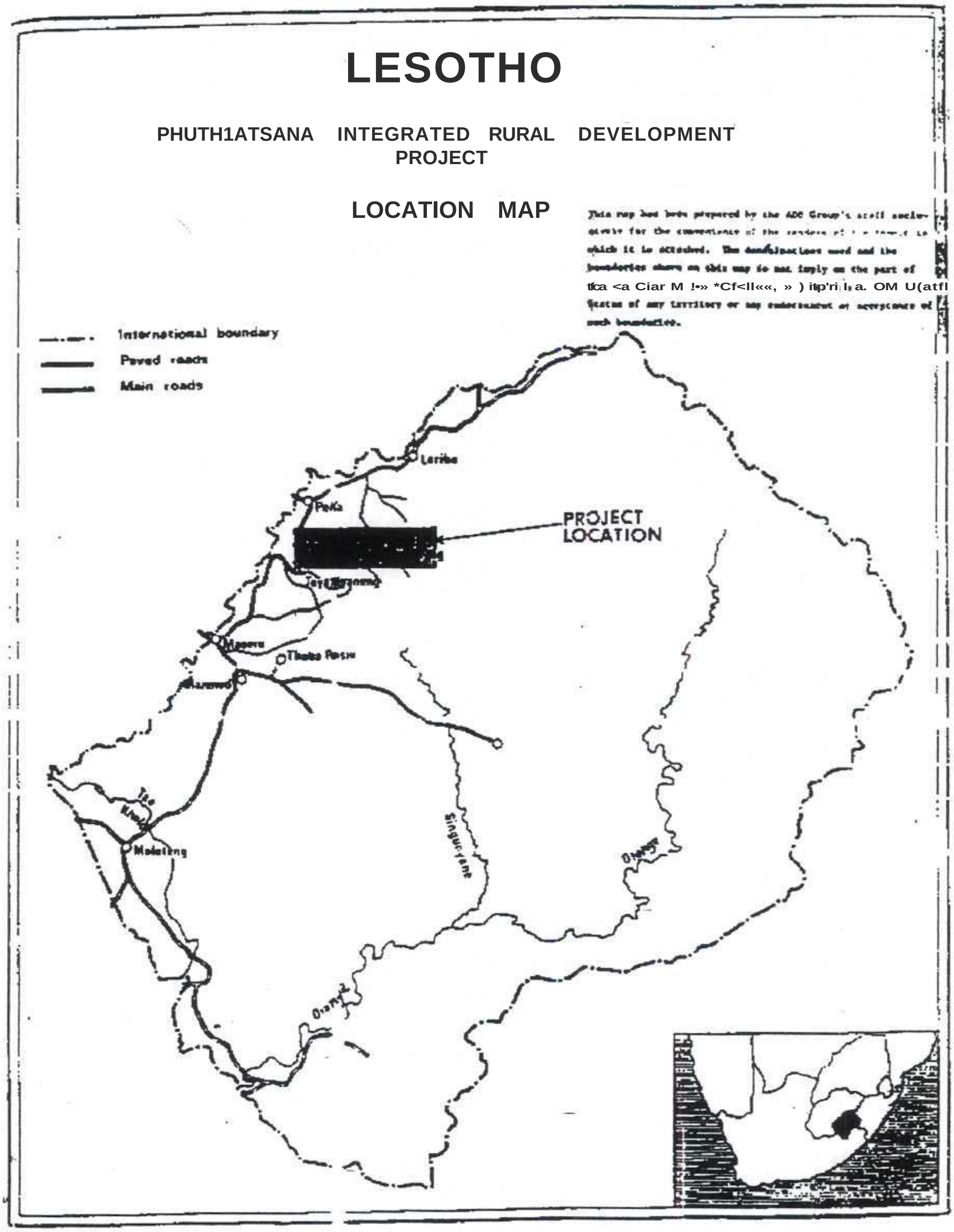
I do not have any problem with a unitary framework being put in place, within which each country's objective circumstances, its development plans, aspirations, its policies, the assistant programmes, projects of various external agencies and the development outcomes over time can be assessed in a holistic manner. One would have thought that the Multilateral Development Banks in this era are expected to achieve much more ambitious development targets than they have ever attempted heretofore. One would have liked to see competitive pluralism, which refers to the need for different approaches to development. I am aware that in the development industry the main issue is about whose policy prescriptions are appropriate for particular countries. One would have thought that rather than being shunned as disruptive, differences could yield substantial benefits, in particular, the generation of alternative ideas and experiences from which lessons could be learned and best practice approaches could emerge.

What has happened with regard to the PIRDP in Lesotho clearly warrants that if the objects of aid are to become subjects and active agents in its use, their interests and ideas will have to form points of departure. But that is unlikely to happen where intended beneficiaries or their representatives lack parity with those wishing to develop, rescue, or empower them. Bureaucratic processes in large organizations have instilled in most government employees a respect for technocratic knowledge and expertise and a disdain for their clients' capabilities in conceptualizing, designing and implementing programmes. Yet to be effective there is a need for a sense of partnership between administrators and the people. It is easier for bureaucrats to decide what the people should want, relate that to government objectives and draw up plans accordingly, than to consult the people who are supposed to benefit from those plans. When things go wrong as in the case of the PIRDP the supposed to be beneficiaries are desperate because they were actually not in the decision making process.

What should be done lies solely in the hands of the civil society. There is a need for more involvement of the civil society in the affairs of the projects. Part of the answer could be found in what Sogge (2001) calls participation in aid-driven processes. Worried by the shallow anchoring and legitimacy of policy conditions, and thus lack of borrower compliance to them, the IFIs and some donors have begun insisting on public participation in loan approval processes. Genuinely participatory they are not, but these processes might create some space for public comment and some skirmishing, if not battles, of ideas. Civil society bodies for and non-profit branches as well as media commentators would be in a position of airing their views.

The Vision 2020 Dialogue Report - a culmination of the observation by the Government that since independence, development planning in Lesotho has been based on short to medium-term strategies rather than the development of a long-term national vision - has some sound recommendations from the different groups of the civil society about what could be done. These groups should demand to be part of the decision making in projects that concern them through representation. That means even the NGOs in the locality would have an input and people would benefit from their know-how. People should feel that the project belongs to them so that when the government officials come up with ideas they do not like they reject them. The main reason would also be to prevent the government from engaging in policies which would impact negatively at the end of the day to the community. The strategies to be followed should of course embrace change and take advantage of opportunities it offers while reducing its negative impact.

APPENDIX 1


LESOTHO
PHUTH1ATSANA INTEGRATED RURAL DEVELOPMENT PROJECT
LOCATION MAP
International boundary
Paved roads
Main roads
Leribe
PROJECT LOCATION
[redacted]
Maseru
Thaba Rosiu
Mafeteng
Singuoyane
Orange

APPENDIX 2

LESOTHO
PHTJTHIATSANA INTEGRATED RURAL DEVELOPMENT PROJECT

Farm Income Analysis
(1 Ha Farm)
Maloti

Crop: Sorghum

-Without Project— --With Project-

	Unit Price	Qty	Value	Qty	Value
Revenue					
Grain, kg	0.64	800	512	1800	1152
Stover, kg	0.08	1500	120	2400	192
Total			632 .		1344
Expenditure					
Ploughing	150	1	150	1	140
Disking	115	1	115	1	115
Seed, kg	2.6	12	31.2	12	31.2
Fertilizer (3:2:1), kg	1	50	SO	100	100
Pesticides, 1 tr	2.2			4	8.8
Bags. no	0-5	e	4	20	10
Transport			16		SO
Credit					20
Total Cost			366.2		475
Labour days		50	400	62	436
Gross Margin			265.8		859
Net Margin			Neg.		373
Gross Margin/L-day			5.32		14 .02

APPENDIX 3

LESOTHO
PHUTHIATSAMA INTEGRATED RURAL DEVELOPMENT PROJECT

Farm Income Analyst.?
(1 Ha Farm)
Maloci

Crop: Maize

-Without Project——--With Project-

	Unit Price	Qty	Value	Qty	Value
Revenue					
Maize grain,Kg	0.71	300	568	1S00	1065
Stover, Kg	0.08	1350	108	2500	200
Total			675		12S5
Expenditure					
Ploughing	140	1	140	1	140
Disking				1	115
Seed,Kg	5.7	20	114	20	114
Fertilizer, Kg	1	75	75	ISO	150
Pesticides, ltr	2.2	4	9	4	9
Bags, No	0.5	11	5.5	20	10
Transport:			30		50
Credit					26
Total Cost			373.5		614
Labour days	8	50	400	62	496
Gross Margin			302.5		6S1
Net Margin			Negative		155
GrossMargin /L day			6,05		10-05

APPENDIX 4

LESOTHO
PHUTBIATSANA INTT.flRATEn pfiRAL DEVELOPMENT PROJECT

Farm Income Analysis
(1 Ha rarmi
MaLoti

Crap Lucerne

-With Project --Withouc Project-
Sorghum

	Unit Price	Qcy	Value	Qty	Value
Revenue					
Hay, Bales	15	150	2250		
Tocal			225.0		532
Expenditure					
CropEscablishmenc	270	1	270		
Trrigation	1D0/4IIOUr pumping	1	100		
Se«d					
Fertili2«L (2:3:2). 22, leg	1	200	200		
Pesticides					
Packaging Materials	0.1	ISO	IS		
Transport	I	150	t$<7		
Credit			50		
Tocal Cost			785		116.8
Labour days		30	7=0	40	320
Gross Margin			M65		213.2
Net Margin			7<S		JJeg
GrossMargin /I.day			16.28		5.33

Not»: crq-p Establishment cost as under:

Seed M. 500
Fertilizer M 2 0
Ploughing M 14;-
Disking, cwic« M 2J0
Total M loao for a period of 4 years ie., M 270/ Vaar

"W

APPENDIX 5

LESOTHO
PHUTHIATSAWA TNTF.nRATED RURAL DEVELOPMENT PROJECT

Farm Income Analysis
[1 Ha Farm)
Maloti

Crop: Beans

-Without Project— --With Project-

	Unit Price	Qty	Value	Qty	Value
Revenue•.					
Grain,kg	3.10	300	930	500	1550
By-producc	0.1	300	30	500	50
Total			9S0		1600
Expenditure					
Ploughing	140	1	140	1	140
Disking				1	115
Seed,kg	4.7	30	376 '	80	376
Fertilizer{ 2:3:2)kg	1	50	50	100	100
Pesticides, litre	2.2			4	3.8
Bags	0.5	4	2	8	4
Transport			18		23
Credit					30
Total Cost			586		801.8
Labour days		60	480	SO	640
Gross Margin			374		798.2
Net Margin			Neg		153.2
Gross Margin/I.. day			S.24		9. 98

APPENDIX 6

Financial and Economic Prices
Maloti

Output/inpuC	Financial price	Border price	Freight/handling charge	Economic Price
Maize/tonne	710	600	50	6$0
Sorghum/T	640	580	50	630
Beans/T	3100	3000	50	3050
Lucerne/Bale	as	13	1	14
Milk/Licre	1.3	0.8	0.1	0.9
Broilera/Bird	13.0	14.5	0.5	15.0
Egg/Dozen	3.6	3.4	0.2	3.6"
Fertilizer^ :3:2)/T	1000	860	50	910
Maize Seed/Kg	5.7	5.6	0.1	5.7
Sorghum Seed/Kg	2.6	2.5	0.1	2.6
Farm Labour/day	8.0			6.0

REFERENCES

AIDE-MEMOIRE For The ADB Post-Appraisal Mission on The Credit Activities of The Berea Rural Development Project 13-21 July 1997: Kingdom of Lesotho.

African Development Bank Group — Operations Evaluation Department (OPEV), Lesotho Country Assistance Evaluation. 18 December 2000. Cote D'ivoire.

African Development Fund (ADF) Appraisal Report, Berea Rural Development Project. Kingdom of Lesotho. May 1997. COUNTRY DEPARTMENT , SOUTH.

African Development Fund (ADF) Appraisal Report, Berea Rural Development Project, Kingdom of Lesotho. May 1998. COUNTRY DEPARTMENT, SOUTH.

BRIEF: Phuthiatsana Integrated Rural Development Project - Phase 1, 1996.

Issues on Credit Management by Lesotho Bank (1999).

Lesotho: Project Completion Report, Phuthiatsana Integrated Rural Development Project, African development Bank - African Development fund, 1995.

Loan Agreement Between The Government of The Kingdom of Lesotho And The African Development Fund (Berea Rural Development Project).

Ministry of Agriculture, Cooperatives and Marketing, (1991) **Irrigation in Lesotho,** Proceedings of Seminar, September, MOA/Government of Ireland.

Aghion, P. and J. Williamson (1998) Growth, inequality and Globalization, Cambridge: Cambridge University Press.

Ake, C. (1991) 'How Politics underdevelops Africa,' in Adebayo Adedeji et al (eds), The Challenge of African Economic and Development, London: 316-29.

APPGOOD. (1985) UK Aid to African Agriculture London: **ODI**

Ayres, R. (1983) Banking on the Poor: The World Bank and World Poverty. Cambridge: MIT. Press.

Bailey, K. (1982) Methods of Social Research. New york: The Free Press.

Barton, A. and P. Lazarsfeld (1969) 'SomeTunctions of qualitative analysis,' in Issues in Participant Observation, eds G. Maccal & J. Simmons, Reading: Addison-Wesley.

Bratton, M. and N. Van de Walle (1997) Democratic Experiments in Africa. Cambridge: Cambridge University press.

Bernstein, H. (1977), "Notes on capital and peasantry" in J. Harris (ed) Rural Development. London: Hutchinson University Library for Africa.

Booth, D. (1994) Rethinking Social Development: Theory, Research and practive. London: Longman.

Breakwell, G. and S. Harmond (1995) Research Methods in Psychology: London: Sage Publications.

Brinkerfoff, D. (1996) 'Process Perspectives on Policy Change: Highlighting implementation' in D. W> Brinkerhoff (ed) 'implementing policy change,' Special of World Development 24(9), September.

Burns, R. (2000) **INTRODUCTION TO RESEARCH METHODS,** London: Sage Publications.

Carlsson, J., G. Kohlin and A. Ekbom (1994) The Political Economy of Evaluation: International Aid Agencies and the Effectiveness of Aid. New york: St Martin.

Chambers, R. (1997) Whose Reality counts- Putting the First Last. London: intermediate Technology Publications.

Cole, P. (1993) Gross Margins for Agricultural Enterprises in the Matelile Area, Matelile Rural Development Project.

Cronbach, L (1975) 'Beyond the two disciplines of scientific psychology,' American Psychologist 30, pp 116-26.

Culpeper, R. (1996) 'Multilateral Development Banks: Towards a New Division of Labour' in Development — New Paradigms and Principles for the Twenty First Century, London: Pluto Press.

Daughterty, H., Jeanneret, G. and J. Fletcher (1979) Eco-Development and international Cooperation. Potential Applications in El Salvador, Joint Project on Environmental and Development. Ottawa, Canada.

Develoment Assistance Committee (DAC) (1985) Twenty Five Years of Development Cooperation. A Review; Efforts and Policies of the members of the Development Assistance Committee. Paris: OECD.

Eisner, E. (1979) 'Recent developments in educational research affecting art education,' Art Education 32, pp 12-15.

Edwards, M. (1999), Future Positive: International Cooperation in the 21st Century, Earthscan: London.

Escobar, A. (1991) 'Anthropology and the Development Encounter,' American Ethnologist, 18/4:658-82.

Ferguson, J. (1990) The Anti-Politics Machine: "Development", "Depoliticization" and Bureaucratic Power in Lesotho, minneapolis: University of Minneapolis Press.

Fowler, A. (2001) Aid Pathologies: Why are they and What can be done about them? Paper prepared for a conference "Donors in Transitional South Africa; The Contested terrain of Development Aid," School of Development Studies, University of Natal, Durban, 30th and 31st October 2001.

Fox, J. (1999) 'Transparency for accountability: civil-society monitoring of Multilateral Development Bank anti-poverty projects' Oxford: Oxfarm GB.

Gordenker, L. (1976) International Aid and National Decisions - Development Programmes in Malawi, Tanzania and Zambia Princeton: Princeton University Press.

Grillo, D. (1997) Discourses of Development: The View from Anthropology in Discourses of Development Anthropological Perspectives, Oxford: Berg.

Hobart, M. (ed) (1993) An Anthropological Critique of Development: The Growth of Ignorance, London: Routledge.

Hook, S. (1996) Foreign Aid - Toward The Millenium. London: Lynne Rienner Publishers.

Howes, M. (1992) "Linking paradigms and practice: Key issues in the appraisal, monitoring and evaluation of British NGO projects," Journal of International Development 4(40:375-396.

Johnson, B. and Hoben, A. (1986) 'Preliminary Assessment of USAID Activities to Promote Agricultural and Rural Development in Africa,' MADIA: The World Bank, (draft, mimeo).

Jones, C. (1985) 'A Review of World Bank Agricultural Assistance to Six African Countries,' Washington: The World Bank, 1985 (mimeo)

Kayizzi-Mugerwa, S. (1998) "Africa and the donor community: from conditionality to partnership," Journal of InternationaL Development 10(2).

Keynes, J. M. (1936) The General Theory of Employment. Interest and Money. London: Macmillan.

Killick, T. (1978) Development Economics in Action: A Study of Economic Policies in GhanaXondon.

Killick, T. (1993) 'Conditionally and the Adjustment-Development Connection.' Paper delivered at the Conference on the future of the IMF and World Bank, Madrid, September.

Killick, T. (1995b) IMF Programmes in Developing Countries: Design and Impact. London: Routledge.

Killick, T., Gunatilaka, R. and A. Marr (1998) Aid and the Political Economy of Policy Change. London: Routledge.

Kotze, A. (1997) Development Administration and Management — a holistic approach. Pretoria: J. L. Van Schaik Academic.

Kriesel, H. (1981) "The need to co-rdinate central and rural development planning and administration." in Johnson, E. & Maunder, A. (eds) Rural Change: The Challenge of Economics. Oxford: AAE. Gower.

Lacroix, R. (1985) 'Integrated Rural Development in Latin America, World Bank Staff Working Papers No. 716, Washington: The World Bank.

Leedy, P. (1993) Practical Research; Planning and Design. New York: Macmillan.

Lele, U. and Nabi, I. (eds) (1991) Transitions in Development: The Role of Aid and Commercial Flows. San francisco; Institute of Contemporary Studies Ltd.

Long, N. (1992) 'Introduction,' in N. Long and A. Long (eds), Battlefields of Knowledge; The Interlocking of Theory and Practice in Social Research and Development. London: Routledge.

Low, A. (1986). (eds) Implementing Rural Development Projects: Lessons from Aid and World Bank experience. Boulder: Westview.

Lustig, N. (1995) Poverty and Inequality in Latin America. Washington : Brookings Institution.

Marcus, G. (1986) 'Contemporary Problems of Ethnography in the Modern World System ,' in J. Clifford and G. Marcus (eds), Writing Culture, Berkeley: University of California.

Mathur, H. (1986) Administering Development in the Third World-Constraints and Choices. New Delhi: Sage Publications.

Morss, R. and Gow, D. (eds) Implementing Rural Development Projects: Lessons from Aid and World Bank Experience, Boulder : Westview.

Mosley, P; (1987) Overseas Aid: Its Defence and Reform. Brighton: wheatsheaf Books Ltd.

Murray, C. (1981) Families Divided. Johannesburg: Ravan Press.

Porter, D., Allen, B. and G. Thompson (1991) ~~Development in Practice: Paved with~~ Goodlntentions. London: Routledge.

Rew, A. (1997) 'The Donors' Discourse: Official Social Development Knowledge in the 1980s" in Discourses of Development Anthropological Perspectives, Oxford: Berg.

Riddell, R. (1987) Foreign Aid Reconsidered. London: James Curry Ltd.

Rist, R. (1975) 'Ethnographic techniques and the study of an urban school.' Urban Education 10, pp 86-108.

Robinson, D., Hewitt, T. and J. Harriss (2000) Managing Development -Understanding Inter-Organizational Relations. London: Sage Publications.

Ruttan, W. (1986) 'Assistance to Expand Agricultural Production,' World Bank, Vol.14, No.l.

Ryrie, W. (1999) First World. Third World. London: Macmillan Press Ltd.

Sechaba Consultants (1995) Lesotho's Long Journey - Hard Choices at the Crossroads. Morija: Morija Printing Works.

Shepherd, A. (1998) Sustainable Rural Development. London: Macmillan Press Ltd.

Sogge, D. (2001) **Money Talks,** Prepared for Presentation at the Conference 'Donors in Transit Southern Africa' organized by the School of Development Studies, University of Natal, Durban 30-31 October 2001.

Stokke, O. (ed) (1995) Aid and Political Conditionalitv. London: EADI Book Series, Frank Cass.

Tangri, R. (1999) Politics of Patronage in Africa, Parastatals. Privatization and Private Enterprise. Kampala: Fountain Publishers.

Tendler, J. (1982b) Rural Development Projects Through Urban Eves. World bank Staff Working Papers No. 532, Washington: World Bank.

Uphoff, N. (1992) Learning from Galoya: Possibilities for Participatory Development and Post-Newtonian Social Science. Ithaka & London: Cornell university Press.

Uri, P. (1976) Development Without Dependence. New York: Praeger.

Wallace, T. (1997) "New development agendas: changes in UK NGO policies and procedures," Review of African Political Economy 71:35-55.

Webber, M. (1968) Economy and Society. 2 vols.. Berkerly: California University Press.

Williams, G. (1981) "The World Bank and the Peasant Problem," in Rural Developmentin Tropical Africa.. J. Heyer, P. Roberts, and G. Williams (eds) New York.

Wood, G. (1994) Bangladesh: Whose Ideas. Whose Interests? Dhaka: Dhaka University Press.

World Bank (1984b), Ninth Annual Review of Project Performance Audit Results. 1983. Washington : World Bank.

World Bank (1985) Tenth Annual Review of Project Performance Audit Results. 1984. Washington: World Bank.