Empowering the Poor through Decentralization:
Brazil Rural Poverty Alleviation Program

Social Development Best Practice Elements

- Multi-dimensional approach to poverty reduction aimed at enhancing opportunities, capabilities, empowerment, and security of the poor
- Institutionalized mechanisms for participation and decentralized implementation
- Ongoing monitoring and evaluation of social development outcomes by the government and community

Alleviating poverty is one of the more difficult challenges facing international lending institutions. To make a sustainable impact, the World Bank has adopted Community-Driven Development (CDD). We see a good example of CDD in the Brazil Rural Poverty Alleviation Program (RPAP), which has increased social inclusion while improving overall social conditions and institutional arrangements.

Over the past 25 years, poverty alleviation efforts have been underway in the Northeast region of Brazil, which has the single largest area of rural poverty in Latin America. The region includes 12 million people who live in extreme poverty. The region has geographic and climatic barriers that intensify the incidence of poverty, including a poor natural resource base; chronic drought; and limited access to land, water, and financial resources.

One of the key strategies for reducing poverty in this region has been the decentralization of program components from the government to the individual states, municipalities, and communities.

The Bank supported a pilot program, which ended in 1993. Between 1993 and 1996, the Bank scaled up. The project now consists of 30,000 community associations with 1,400 of the 1,600 communities in NE Brazil participating.

By empowering the poor and enabling local involvement in decisionmaking, community-based projects have had resounding successes at reducing unemployment, improving quality of life standards, and building a sense of ownership at every level. To date, the project has financed 42,750 community associations.

The program has its basis in community associations that formed themselves after receiving information about the project’s opportunities. These associations identify and prioritize their own communities’ needs. Such needs may be modest or far-reaching and are limited only by what is possible under the Bank-supported operation.

Through a problem-solving process, the associations prioritize their investments and submit...
How RPAP Enhances Social Inclusion through Community-Driven Development

- Promotes empowerment of the poor
- Targets poorest communities
- Decentralizes administration to the states, municipalities, and communities
- Reduces layers of bureaucracy
- Ensures transparent transfer of funding
- Promotes accountable governance
- Encourages political support for community-oriented projects

proposals to the Municipal Councils. The councils represent a constituency 80 percent of whose members are from poor rural communities and organizations. When an association’s proposal is approved, the State Technical Unit responsible for the project deposits the project funding directly into the community association’s bank account. The community association implements, operates, and maintains the subprojects. This leads to a greater sense of local ownership, a commitment to success, and a vehicle for sustainability.

The efficient flow of funds has been a critical element of the RPAP’s success, since funds do not move through multiple layers of bureaucracy. Direct disbursement to local communities not only enables the efficient delivery of funds but also provides a more transparent process, one less vulnerable to corruption. Furthermore, this method delivers rural infrastructure to the poor at 40 percent lower cost than investments of a similar quality delivered by public agencies.

Supervision of this project has used a highly effective Management Information System, which can track implementation progress and identify possible bottlenecks. Since considerable attention has been given to developing an effective relationship between Bank HQ and the local office in Recife, good monitoring can be achieved, and problems can be dealt with quickly.

Face of Poverty in Northeast Brazil

Poverty is not a recent phenomenon in Brazil. Rural and regional factors are major contributors to the incidence of poverty. Approximately 50 percent of the poor live in the rural areas, where the incidence of poverty is twice that of urban centers. Brazil’s Northeast Region has long constituted the single largest area of rural poverty not only in Brazil but in all of Latin America. The region covers 9 states and part of a tenth, and accounts for 30 percent of Brazil’s 148 million people. The federal government has declared the Northeast a priority area for public development programs.

The underlying causes of rural poverty include the relatively poor resource base, as well as climatic factors that make the region vulnerable to droughts. Other social constraints also affect the poor, including skewed access to land and the absence of a functioning rural financial system. Agriculture in the Northeast is poorly developed and uses very little technology. Consequently, productivity is low, with output per farm worker less than half that of other regions.

In the State of Rio Grande do Norte (population 2.4 million), 31 percent of the population consist of the rural poor. These rural poor are predominantly smallholders, tenants, sharecroppers, and landless laborers. They rely on a diverse strategy based on traditional subsistence agriculture and livestock, complemented by cash crops, intermittent work on and off farm, and remittances from family members who have emigrated. Ninety percent of rural households lack adequate water supply; 57 percent lack proper sanitation facilities; 54 percent of the adult rural population are illiterate; and 73 percent of rural heads of households earn one minimum salary or less per month.

At the beginning of the program in 1993, none of the poor in Rio Grande do Norte or any other State in the region could obtain credit from formal institutions. Today, 25 percent of the poor in NE Brazil qualify for credit.

Effective Transformation of Rural Development Projects in Brazil

Although the Bank has been involved in rural development in this region since 1975, it was not until 1993 that the program was transformed into a community-based operation and began targeting the poorest communities. By 1996, the Rural Poverty Alleviation Program emerged as a decentralized, community-based development project for the states, municipalities, and communities. In addition to building local capacity, it has reduced the role of government agencies and eliminated unnecessary costs. By targeting the poorest communities, the program began to have significant impact on poverty
alleviation so that 38 percent of rural Northeast families benefited from at least one implemented subproject. After the reform, 93 percent of the resources reach communities; the remaining 7 percent are used for technical assistance and administration.

For the poor, the results have been striking. In the State of Sergipe, for example, 22,000 homes, 1,200 small businesses, approximately 200 public and community buildings, 100 health posts, and 400 rural schools/daycare centers were electrified by rural investments financed by the project. Likewise, provision of water to 49,000 households in the State of Bahia is estimated to have resulted in direct benefits of about US$9.0 million. These benefits came through lowered opportunity costs to obtain water, reduced medical costs and improved health conditions, and reduced use of expensive water trucks during droughts. In addition, the three types of water-related subprojects—1,006 dams, 33 simplified water supply systems, and 329 tubular wells—have produced total benefits valued at US$43.6 million.

The project has led to substantial improvements in the quality of life of rural communities as well as growth in economic opportunities for the poor. With improvements in rural electrification, water supply, and other small-scale production and infrastructure developments, the State of Rio Grande do Norte has been able to expand its investments in cashew and melon production and to export these crops to the U.S. and Europe.

Besides improved quality of life and access to jobs, the program has given the poor greater voice. Of the 1,400 municipalities participating, 1,000 have created Municipal Councils in order to participate in the program. Since the subprojects are proposed, implemented, and maintained by the communities, the poor are able to voice concerns and recommend ways to improve their communities, and ultimately their individual lives.

The project has visibly impacted community empowerment. Community participation connotes enhanced public accountability and an awareness that these groups are a political force that must be reckoned with. The growing awareness that these communities hold power has led the Northeast State Governors to lend unequivocal support to the program and to ensure its continuation.

**Project Results**

The results of the project include:

- 30,000 Community Subprojects financed in 1,267 municipalities (76 percent of the region). Seventy-seven of the subprojects are infrastructure; 20 percent are productive; and the remaining 3 percent are social.

- 5,100 communities have water supply systems operated and maintained by the communities.

- 600,000 families have access to water of generally good quality, thus reducing incidence of water-borne disease and infant mortality. Access to water also means increased time to generate income.

- Fiscal savings include infrastructure subprojects that are 40 percent cheaper when implemented and executed by the communities.

**Integrating Social and Economic Development**

The Rural Poverty Alleviation Program in Northeast Brazil uses an *integrated approach* to social and economic analysis in *tackling poverty at the community level*. Key to the success of this program is the use of economic and social indicators to monitor changes in the community. The reform process encourages the empowerment of the poor and the development of social capital. Those who formerly were socially excluded are now directly involved in institutional development at the local level. Such community-oriented projects encourage new alliances and enable the development of more innovative ways to improve the lives of the rural poor.

**Components of Success**

The components of success in this project are:

- *Community-based empowerment* creates the mechanism for community associations to initiate, facilitate, and supervise subprojects.

- *Poverty-targeting mechanisms* ensure that project resources reach the poorest communities, as well as foster involvement of the poor in decisions that affect their daily lives.
• *Decentralization* of fiscal and investment decisionmaking from Federal to state and local governments ensures more efficient project administration. Decentralization of resource allocation and investment decisions to the municipalities and communities allows for a more transparent and efficient disbursement mechanism.

• *Stakeholder participation* enables states, counties, municipalities, and local communities to voice concerns and to become involved in decisionmaking, thereby enhancing client ownership.

• *Technical assistance* and training for beneficiaries are indispensable inputs to successful and sustainable subproject investments.

• *Transparency of funding process* ensures that limited resources are not squandered in needless administrative layers.

• An *integrated monitoring and evaluation system* includes three levels of analysis: household, community, and municipality and evaluates them both for social and economic indicators.

• *Supervision quality* is enhanced through a highly effective Management Information System, which tracks progress and identifies possible bottlenecks.